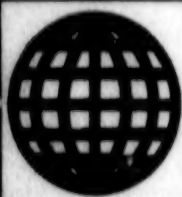


JPRS-EER-92-153
2 November 1992



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JPRS-EER-92-153

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Speculation About Mishev Affair Continues

93BA0093A Sofia 168 CHASA in Bulgarian 6 Oct 92
pp 1, 4

[Article by Zoya Dimitrova: "Machine Gun Deal of Personal Adviser to F.D. Kennedy (press nickname for Prime Minister Filip Dimitrov)"]

[Text] Will Filip Dimitrov finally tell what, how much, how, and why he is paying Konstantin Mishev, and what the truth is about their selfless friendship and mutual assistance?

According to a reliable source who wishes to remain anonymous, representatives of a private company in Blagoevgrad, a personal adviser of the prime minister, Konstantin Mishev, and Macedonian intermediaries met in Blagoevgrad at the beginning of August. The subject of the business talks was the sale of light infantry weapons (automatic rifles, machine guns, electronic equipment) to Macedonia by Bulgaria. The private company in Blagoevgrad does not have a license to trade in arms.

A second such meeting was held at the end of August in Macedonia. The same persons were present at this meeting. And, again, Konstantin Mishev. His pro-Macedonian sentiments are known; he has his roots in Strumica.

On 12 August, Kiro Gligorov was in Burgas for several hours, meeting with President Zhelyu Zhelev. The subject of the talks was the opening of consulates in the two countries. The question of the delivery of arms to Macedonia by Bulgaria was not on the agenda.

There is a tacit agreement among the Balkan countries not to sell arms to the former Yugoslavia. The reasons are obvious.

In addition to the Blagoevgrad company and K. Mishev, also attending the negotiations in Macedonia were persons with pro-Serbian sentiments, some of whom, according to our source, are agents of the Serbian SDB (the former UDBA, the Serbian counterintelligence service).

One of the versions of the subsequent course of events is to the effect that the Serbian agents see in this story an opportunity for a so-called active measure against Bulgaria. Information about the second meeting and its aims was given out on Cyprus and in Greece but relates to the president and his meeting with Kiro Gligorov. It is alleged that the go-between is a U.S. millionaire of Macedonian origin, John Bitov, and the money for it came from drug trafficking.

Articles with the same heading, "The Bulgarians Are Arming Skopje," were published on 13 September on Cyprus (in ALETHEIA) and in Greece (in ELEFTHEROS TIPOS) by a single writer, Vasilios Zisis. Later articles with the same content were published in two other Greek newspapers, KATHIMERINI and VIMA.

Invoking "reliable diplomatic sources," Vasilios Zisis stated the following. "Bulgaria is agreeing to supply Skopje with modern weapons systems. The agreement is merely an agreement, but the form of these weapon systems Skopje is to receive from Bulgaria creates a new situation in the area and increases the risk of a spread of the war to the south, to the extent that it is demonstrated that the 'barefoot people of the Balkans' not only are putting on military footwear but also are acquiring weapons of a new type.

"The new situation that is created by this information is not only of a military nature (because accelerated arming of Skopje creates new and urgent needs for the Greek Army) but of a diplomatic nature as well. In selecting weapons of Bulgarian origin with which to outfit his 'army,' Kiro Gligorov is leading Skopje into a unique and significant dependence on Bulgaria, whose long-term goals, both in the area in general and as they relate to Skopje, are known.

"The fact is that the agreement arms the Bulgarian side with a new diplomatic weapon with which to assert its claims in the region," Zisis continues. "At the same time, the Bulgarian delegation to the conference in London on the 'Yugoslav problem' exerted energetic efforts to see that the Skopje question was placed on the agenda. At the same time, the Bulgarian foreign affairs minister, Mr. Ganev, had already promised Skopje that he would step up his requests at the United Nations General Assembly to have Skopje become a member of that international organization."

Vasilios Zisis ended his article by stating: "Thus, it develops that the ones who are financing and promoting Skopje's propaganda are 'investors' engaging in activities of all kinds (from dealing in arms to dealing in drugs), persons who are availing themselves of a good base for their dark and secret operations."

In mid-September, information on the arms negotiations was sent to the proper quarters by the director of the National Intelligence Service, General Brigo Asparukhov. On 18 September, Gen. Asparukhov stated the following at a press conference in Sofia.

"We have no intention whatever of concealing information, even information relating to figures close to the government, in the government, or in any government institution whatever. In saying this, I am not referring to ministers of the Bulgarian Government; I am referring to advisers in this government, who, according to reliable data available to us, will be informed by the president and the prime minister of the initiation of relations, of involvement of one of the advisers in an arms deal. I am not prepared to divulge his name at this time. Consequently, people will now deftly come up with the saying 'Thieves, stop the thief.'"

On Friday, 1 October, at 1500, the prime minister, the minister of internal affairs, the minister of justice, the chairman of the parliamentary commission on national security and his deputies, the attorney general of the Republic, the president's national security adviser, and the director of the National Intelligence Service met in the office of the president of the Republic. At that meeting, Gen. Asparukhov presented proof of his statement.

The fact and aims of the negotiations and the proof of them have not been refuted up to the present by any of the participants in the meeting in the office of the president.

At 1900, after emerging from the meeting, the prime minister stated that "Zhelyu Zhelev succeeded in convincing us that Gen. Asparukhov did not act dishonestly, and, accordingly, his apologies will satisfy me." He did not demand that Gen. Asparukhov be dismissed. Why?

The premier confirms the fact that Konstantin Mishev was present in the deal and that he carried out the mission assigned to him. Georgi Bozduganov, Aleksandur Pramatarski, and Filip Dimitrov personally were informed of this. He does not explain the capacity in which he so informed them, in that the Blagoevgrad company has no license to deal in arms.

Gen. Asparukhov offered an unprecedented apology to the prime minister and the government, stating that counselor Mishev "carried out correctly and in accordance with his instructions the mission assigned to him by the prime minister." However, he did not offer his resignation.

"A bargain was struck there. The security was the National Intelligence Service in exchange for Konstantin Mishev," according to informed persons, "and the situation ended in a draw."

The UN trade embargo does not apply to Macedonia. But who can say that the arms Bulgaria would like to sell to its neighbor would not go to Serbia as the end user, or to Bosnia-Herzegovina, bordering on Macedonia?

On Friday, Filip Dimitrov, backing up the actions of his personal adviser, in effect made official an illegal proposed arms deal. It is not surprising that Bulgarian and foreign observers see in his words indirect confirmation of the conjectures in the Greek and Cypriot press about Bulgarian arms deals with Macedonia.

Late Sunday evening, 4 October, on national television, the prime minister continued, in connection with the arms scandal, his vague talk about "fabrications" and "nonsense" not worthy of refutation.

This story faces the nation with two questions.

Will the Bulgarian taxpayer ever find out what his rulers are doing—that is, will they ever be honest enough to tell him outright? Second, how long will Bulgaria have

compromising situations foisted on it, in which the personal adviser of Filip Dimitrov is implicated?

Bulgarian Intelligence Chief on Mishev Affair

93BA0083A Sofia 168 CHASA in Bulgarian 13 Oct 92 pp 1, 4

[Interview with General Brigo Asparukhov, Bulgarian intelligence chief; place and date not given: "Mishev Gropes for an Opening"]

[Text] An adviser invites himself to negotiate for \$200 million worth of arms. His personal premier vigorously defends him. General Brigo Asparukhov asks who guaranteed the deal.

[168 CHASA] Gen. Asparukhov, does Bulgaria have an interest in selling arms in Macedonia?

[Asparukhov] At this delicate time for Bulgaria, we cannot allow ourselves to be exposed to ridicule by public opinion. It is true that no import embargo has been imposed on the Republic of Macedonia, but it is also true that we have no information or proof that the embargo on Serbia and Bosnia-Herzegovina is being violated by Macedonia. Why? Between 60 and 70 percent of the employees working in the special organs in Macedonia are pro-Serbian. The Government of Macedonia itself, that of Crvenkovski, is pro-Serbian. The Macedonian administration is pro-Serbian, and the Macedonian Government structures are heavily infiltrated by Serbian agents. Macedonian companies are being established in Bulgaria, whose sole aim it is to get around the embargo imposed on Serbia and Bosnia-Herzegovina. Macedonia alone is unable to import such large amounts of strategic raw materials, including weapons, because it does not have the financial resources. Consequently, someone is giving these resources to it. Someone is paying. We have no information to the effect that enormous amounts of petroleum are passing through Bulgarian territory.

It is insulting, however, to learn that another Balkan country is getting around the embargo imposed on Serbia, at our expense. And we must not close our eyes to this. This affects the interests of Bulgaria.

[168 CHASA] You are accused, as head of the National Intelligence Service, of exceeding your authority by implying that such action is being taken by the government.

[Asparukhov] I do not think I have in any instance exceeded my authority. Does it mean that if a petroleum tanker rumbles into Serbia it must have come from Bulgaria? Will this enhance the prestige of the country?

[168 CHASA] According to informed sources, repeated attempts have been made unofficially to import weapons from Bulgaria, and these attempts have been thwarted. Why has it suddenly been decided that a secret deal such as this will be allowed?

[Asparukhov] The question is extremely clear, crystal clear. After interested Macedonian circles, whether commercial, political, or cultural, have gone to look for arms, there is no need for a government adviser to verify that this is what they are looking for.

This adviser goes to verify something, that the private company in question does indeed have contacts with Macedonians and that they are indeed trying to import arms through Macedonia and privately owned firms in this country. Why, after this has happened, should we not challenge the party that has been asked to verify this?

Inasmuch as the Government of Macedonia as a whole is pro-Serbian, why should we not accept the fact that the Serbs have always known about the adviser's mission?

And consider this paradox. Whom does he meet? The deputy interior minister of Macedonia, who is responsible for intelligence, the chief of intelligence. Is it possible here in Bulgaria for a special representative of a particular premier to approach my office? That is absurd. It is possible, but only if this envoy is from the special services and actually is coming on a special mission to see me. But this would be established through the appropriate channels known in world practice at the appropriate level. I cannot conduct a personal policy of my own, nor can another foreign service conduct a personal policy of its own. We can cooperate, but this cooperation conforms to certain rules.

[168 CHASA] All of you—the intelligence community, the government, the president—swear in the name of Bulgaria. Then what is the problem and why all at once does the intelligence community take a liking to one institution but not to another. Is this not the case?

[Asparukhov] I believe that this question is indicative of political evaluations and qualifications, and I will not venture to answer it. What I can confidently say is that the intelligence service is working for Bulgaria and not for an institution in Bulgaria.

[168 CHASA] This is also asserted by the National Security Commission.

[Asparukhov] And some have expressed their surprise that the commission has rated the work of the intelligence service as perfect. We are not venturing to accuse anyone of a crime, even the gentleman in question, Mishev. We have simply presented the information that he was there and held those talks. Imagine if at this press conference I were to ask precisely one adviser in the government not to carry out illegal actions. What if the deal had already been done?

[168 CHASA] Was there such a probability?

[Asparukhov] It was heading in that direction.

[168 CHASA] Dimitur Yonchev, deputy chairman of the National Security Commission, has said that, as a result,

this Blagoevgrad company has been issued a license to deal in arms, but from Macedonia. Do your data confirm this?

[Asparukhov] I am unable to confirm this fact, nor can I deny it, but I am thinking it over. If a privately owned Bulgarian firm has been issued a license by the Macedonian Government to import weapons into Macedonia from Bulgaria, the question is a logical one. This means that this private firm will also succeed in obtaining an export license from the Bulgarian Government. Who issues a license tentatively unless he is convinced that a deal will be done? This is logical thinking. Hence, someone guaranteed the transaction, and it is not difficult to surmise who this person is.

[168 CHASA] And by what means?

[Asparukhov] By means of the high level of his position and the functions he performs.

[168 CHASA] Do you have any figures suggesting interest in the transaction by the participants in it?

[Asparukhov] We know the interest Macedonia has in importing arms—that is, we know the figures.

[168 CHASA] There is talk of \$200 million.

[Asparukhov] This figure possibly represents the total value of everything requested as imports into Macedonia from Bulgaria. Several tens of millions of this amount might be given to a private company, but the commissions are by no means insignificant because we are talking about dollars. Hence, everything is very strange, as for example the participation, the talks, and the presence of private companies as intermediaries.

[168 CHASA] You say that there is good cooperation among the institutions. Why precisely in the Konstantin Mishev case do you make the accusation that you submitted information to the prime minister in time?

[Asparukhov] The answer is very clear. We received information that a high government official was involved in negotiations for an arms deal. We immediately reported to the president, recommending that we initiate an investigation to clear up this case. The recommendation was approved, and we went to work. We got in touch with the gentleman in question.

After we heard that the premier assumed full responsibility, we had no further questions to ask him.

But it was necessary also to clear up the matter of who else knew about this mission. Did the persons in question know about it, when did they find out about it, and are there others who knew or were aware or were interested in having the deal completed?

[168 CHASA] K. Mishev stated during an interview published in NEDELYA 150 that several government

ministers were aware of his trip and, afterward, that several persons in government knew about it. The two are not the same.

[Asparukhov] Every person is responsible for his own words. The facts must be determined. There should be a trail, a document.

[168 CHASA] In essence is the fact that intelligence is emerging from the shadows not unusual for it, and what may the consequences be for you?

[Asparukhov] There is nothing unusual in it. In its historical development, every state has survived such a

moment when the special services have been brought on stage and have been investigated and acquitted, and thus have been exposed. Take the example of the CIA during the Irangate period, when the intelligence service was unmasked and examined under a microscope.

Remember the period of Willy Brandt (may his memory live forever). He resigned because his press secretary turned out to be an agent of East German intelligence.

But Willy Brandt's prestige does not suffer because of this, despite the fact that he resigned. He made a dignified exit.

Impact of Post-November Changes Explored
93CH0017A Prague CESKY DENIK in Czech
28 Sep 92 p 3

[Commentary by Josef Mlejnek, Jr.: "The Specter of Postcommunism"]

[Text] Three years after the "miraculous" changes of 1989, the primary feeling of optimism has evaporated, like steam from a pot. Only with the passage of time has the measure of communist devastation, and, what is more, a weak will or even an unwillingness to replace real socialism with an actual democratic arrangement and a market economy been revealed. In the postcommunist confusion, evil spirits of nationalism and populism, which are frequently aided by economic reforms fumbling around in vicious circles, are doing well. The Central European countries are substantially better off, even though not even they can be assured of final success. Very few people expected such an extent of difficulties three years ago. Very few people also anticipated that Czechoslovakia would breathe its last at the beginning of the 1990's. The search for the answer to the question why it occurred will occupy the Czech mind for a long time to come. However, today's responses frequently slide into two extremes: "a national emancipational response" and a "red conspiracy response," with each of them ostentatiously overlooking a component of reality that cannot be ignored.

The heritage of communism carries with it its bitter fruit. A frequent reaction by people who have not experienced anything other than real socialism is a longing for some kind of modification, a desire to continue leaning on the crutch of the state. Sociological public opinion polls are then very sad; particularly in Slovakia, they uncovered the fact that one-third of the population considers the previous regime to be better than the post-November regime. Another third were not sure.... The reaction to proletarian internationalism is an unhealthy and overdone inclination toward "national values," which logically result in hateful and xenophobic nationalism. How to acquire power in such a morass? Very easily. It is enough to unite both principles, the socialist one and the nationalist one, into a single unrecognizable whole; into a new unit—into national postcommunist neosocialism. This is not impossible, because both nationalism and also socialism are in essence collectivistic movements and there is no need to widely document their spiritual affinity. Collectivistic approaches will then, understandably, not even bypass the economy. Experience involving the reforms has shown that only a rapid and specific pace—literally a "direct march upon the gates" of economic liberalism and the democratic state of law attests to the actual prodemocratic and promarket intentions of the reformers and can lead to success. Otherwise, the reform country, like it or not, soon finds itself positioned somewhere between postcommunism and capitalism, in a blind alley of some kind of third road. The indistinguishable mix of nationalism and socializing tendencies

is a modern-day specter, the specter of national postcommunism—which is making the rounds of Eastern Europe at the end of the second millennium.

Words about the "natural emancipation process" in Slovakia, connected with an alleged "economic pragmatism" are a one-sided reduction of the entire problem, because the Slovak nation has emancipated itself several times already; it is also not clear why national emancipation would have to actually occur particularly in an independent state (in view of the geopolitical situation, this would be totally unpragmatic) and, finally, if we concede the closeness of the economic policies of both states which have come about, then there is no sensible reason for rejecting the Zelenayov-Zeman union. The purely national emancipation process would be reflected in an election victory by the SNS [Slovak National Party]; a purely socializing trend would then be reflected in a victory by the SDL [Party of the Democratic Left]. Only Vladimir Meciar's movement proved able to combine both components into one entity and thus reach the summit. He is nationalistic, sometimes downright driven to tears, and, at the same time, the majority of his leaders blow with an emptiness of apparatchiks who were intimately known for four decades. Apparatchik faces, apparatchik methods—these seduce one toward the second extreme explanation of the reasons for the demise of Czechoslovakia, for which the following sentence is symptomatic: "If the lustration law were consistently applied in Slovakia, there would be no problems." There would be problems, and large ones, because an effort to achieve greater sovereignty is the pillar of Slovak policy in the 20th century. However, the problems would have a somewhat different appearance and perhaps Slovakia would not be threatened by that which actually threatens it today—not for reasons of independence, but because of internal politics: a fall into the postcommunist part of Europe, an alignment with those countries who will get stuck in the sub-Muscovite swamps on their way out of communism.

Filkus on ODS-HZDS Talks, His Government Role

92CH0988A Bratislava NARODNA OBRODA in Slovak
21 Sep 92 p 9

[Interview with CSFR First Deputy Prime Minister Rudolf Filkus by Julius Gembicky; place and date not given: "Let's Not Have the Price Be Too High"]

[Text] Professor Filkus entered post-November politics less conspicuously than any of the much more hotheaded leaders, first of the Public Against Violence [VPN] and later the Movement for a Democratic Slovakia [HZDS]. But it was precisely he, his calmer, more consensual rhetoric, that provided the basis for the initial economic concepts of both dominant political movements on the Slovak political stage. This distinguished gentleman never strove to elbow his way to the very apex of the political hierarchy. Rather, he was a suitable counterweight, a kind of corrective to his like-minded fellow

travellers in his own movement. Today, the chairman of its Council is the first deputy prime minister of the Federal Government, and his main concern is to draft a legislative foundation for the division of CSFR property between two independent entities—Czech and Slovak Republics. A problem, which is the most sensitive one of the dividing process.

[Gembicky] How do your preelection ideas conform with what is happening now, after the elections?

[Filkus] When I recall what was said in the election campaign and what is happening now, after the elections, I do not see a fundamental difference. A party or movement that would have proclaimed something different before the elections than after them, would not last a long time. It would amount to a clear underestimation of the citizen-voter. We have thus far fulfilled by deed two very significant promises. The declaration of sovereignty and the Constitution of the Slovak Republic. Naturally, we also laid out before the voters other intended steps. Those, which concern the course of the economic reform. How to arrive at a market economy as quickly as possible. But also about some social aspects of our policy. How to amend as soon as possible the law that penalizes our retirees. We have not forgotten our promise, it will be realized as well. We also talked about privatization. We do not intend to stop it. On the contrary, we must speed it up. But we want to pay more attention to the capital that is going into it. We also talked about the meaning of intervention by the economic center, particularly in connection with regional and structural policy. Those are steps that have not yet been implemented, but the government counts with them.

[Gembicky] As far as the succession of further steps in the state setup process is concerned, won't there be a change especially in their sequence?

[Filkus] Before the elections we talked about a form of the state setup that would accommodate the common interests of the Czech Republic [CR] and the Slovak Republic [SR]. And we defined them: a common market, common currency and monetary policy, coordination of foreign policy, harmonization of the tax system, equal application of human and democratic rights, and common defense. The acceptance of these common interests could be realized by various forms of the state setup, although what we saw as the optimum solution was a union of states, a confederation.

[Gembicky] Why is it then that you did not arrive at it during your negotiations with the Civic Democratic Party [ODS]? We are now, on the contrary, in a stage when two independent state entities are being born.

[Filkus] We were pushed onto this level of the state setup by our political partners. They put us in a position where we had to choose between two alternatives. Either the present form of the federation or a breakup. They did not accept anything in between. But to my mind, in spite of

the fact that we accepted the breakup, the prime consideration is not it but how to constitute the new state entities. In spite of that we want to maintain, and improve, new forms of coexistence between Czechs and Slovaks. Because we want keep a common market. If we divide it, neither one or the other will profit. We have agreed at the beginning on common defense, and on coordinating the budgetary, tax and fiscal policy. In the initial stage we count with one currency, at worst with two currencies at a fixed rate of 1:1 but with a common monetary policy. It is possible that these steps in the disintegration process will after a time prove to have been necessary, in order that we can try out our strength, how we are going to be able to establish ourselves on the world market. It will be a kind of tuition fee for finding out that we must integrate. The question is whether this tuition fee will be too high. But it must be kept in mind that we wanted to satisfy the emancipation process.

[Gembicky] But what if it turns out that our Czech partners are able to establish themselves in the world, and their willingness to consider any kind of future integration process wanes?

[Filkus] We do not want to rule that out. But then again, as an economist, I do not think that in view of the not so great a market that exists here it would be very wise to stop communicating. If important relations between both economies, between individual entrepreneurial entities were to be severed, that would be no laughing matter and would cost us dearly. We would give up the possibility to benefit by the low shipping costs, cheaper work force, well established cooperation. It is not possible for either one of the partners to reject it, because it would mean losses for them.

[Gembicky] But even so, Professor Filkus, couldn't some of your voters get the impression that you went beyond their ideas of emancipation vis-a-vis the Czech Republic? Didn't you anticipate that with its either-or strategy the Czech side could force your conceptions offside?

[Filkus] It was quite a surprise, especially since it was so unequivocal. I, for one, am still convinced that there remains enough of a playing field between the two boundaries that would enable us to play a different game. For example, a confederation, a loose type of a federation. I am constantly trying to keep the interests of both state entities under one roof by improving the conditions of coexistence between the Czechs and Slovaks. Because otherwise there would be no point to the whole thing. Did we go beyond the ideas of our voters? ODS did not expect, either, that it will find itself at the limits which many call a breakup. In other words, you can use this trump card in relation to HZDS as well as ODS. The entire postelection development on both sides led to a point where in discussions, and then in agreements as well, the idea of constituting two independent state entities crystallized.

[Gembicky] Could some of these bitter feelings, engendered by the disintegration process, act as a break on the contemplated future integration?

[Filkus] That will depend on the form and content of treaties and agreements. I especially consider the treaties of an economic character to be extraordinarily important. Let's begin, for example, with the currency. We can arrive at a monetary union, monetary agreement, or agreement on two independent currencies. We are thinking along the lines of a monetary union. But, of course, that will not be simple, because the degree to which the currencies are linked will be influenced also by the level of labor productivity. If it develops differently in the two republics, naturally, the initial fixed rate of 1:1 will have to be changed. The same applies to a customs union. The coordination of the taxation and budgetary policy would require some joint agency, perhaps a council, which would harmonize both tax systems. If they began to differ too much, one could be paying more than the other. That is why this, too, must be included in the treaty.

[Gembicky] Professor Filkus, are you influenced by the Prague optics in the way you see the Bratislava politics of HZDS?

[Filkus] The Prague optics has two prisms. One is the view through the prism of the government, of which I am the deputy prime minister, and the other one is through the public's prism. The view through the structure of the parity government provides a very true picture of functional cooperation at the legislative as well as executive level. The points of departure for us are, naturally, the resolutions arrived at in the negotiations between ODS and HZDS, which we accept to their full extent. For example, the law on the method of dissolving the federation, the draft of the law on power-sharing, is ready in the article version. Not only on the horizontal level, which we call the small law on power-sharing, but also vertically. That means branching out powers from the former 13 ministries and state agencies to the five existing ones, all the way to the national level. We succeeded in weaving together this horizontal and vertical conception of power-sharing in such a way that actually we want to transfer the powers of the remaining ministries, which are at the federal level, directly to the national agencies. The preparations of the law on property division and successor rights have progressed. Although it is still being debated, it is already in its initial legislative version; it is a very complicated law, but we want it, too, to come before the Federal Assembly by the end of September.

[Gembicky] How do these processes look through the public's prism?

[Filkus] Although because of my enormous work load I seldom come into contact with the public, I believe that people have already come to understand the inevitability of constituting two independent state entities. But what interests them the most, is that they would not have to

bear the burden for the entire dividing process on their own shoulders. That it would not affect their standard of living. Simply, that the emancipation process does not become too expensive, that it does not impoverish the citizens. Then it would miss its purpose. That is why we often hear the demand to do it as quickly as possible. Inasmuch as we already decided to do it, it has to be done not only quickly but also equitably. The constellation of personalities of the five Slovak members of the government, among whom there is a very effective and concrete cooperation, is having a positive influence on this process.

[Gembicky] In one of your talks you mentioned that the Prague nomenclatura of your movement was chosen to some extent with regard to its acceptability by the Czech side. Were also other criteria or givens decisive in nominating these people to the federal cabinet?

[Filkus] Your Czech colleagues formulated this question rather more pointedly. I do not think that I was set aside, together with my colleagues-ministers who were recommended for the federal government by HZDS, mainly because they do not need me in Slovakia at this time. I do not tend to believe such a criterion was used, and I believe that the really decisive consideration was to place in the federal government people who were acceptable to the Czech side. I am convinced that the criterion of expertness was decisive.

[Gembicky] Then permit me to ask you in this connection a more pointed question. What will happen to you and your colleagues after the Federal Government ceases its activities? Will the HZDS find a commensurate "use" for you in the Slovak politics?

[Filkus] As you noticed, several ministries in the Slovak Government are combined. Some ministers have two or even three departments. So availability is there. There are some openings in the positions of deputy prime ministers. There are vacancies in some areas of very important issues, for example, economic ones. The positions of SR ambassadors will also have to be filled, especially in key Western democracies, but also to the east of us. And finally, we still do not know in detail how the issue of mandates of HZDS deputies in the Federal Assembly will be resolved. Three of us in the Federal Government are also deputies. Maybe even here some possibilities to establish oneself will open up.

[Gembicky] Are not these ideas of yours a little bit in contradiction to the concept and resolve of the Slovak Government and its prime minister to reduce the number of ministers and deputy prime ministers as much as possible?

[Filkus] Certainly, Meciar succeeded in downsizing even the Slovak Government. But, especially as far as the economic sphere is concerned, it does not have to be precisely a deputy prime minister, obviously some institution will be necessary that would ponder future economic strategy, macroeconomic steps, the status and intervention of an economic center.

[Gembrick] I shall then ask you directly, are you thinking that a position of deputy prime minister will be created whose primary responsibility would be macroeconomic strategy?

[Filkus] Personally, I think that it will be necessary. Mainly as far as intensifying the revitalizing process is concerned. But the problem of efficiency of the regulatory process is a matter for the prime minister and his ministries.

[Gembrick] Did you imagine before the elections that in the course of practically four discussions with ODS an actual agreement on the division of the federation will come about?

[Filkus] I confess that I did not think it would. I did not expect that it would happen so soon. But in this connection it must be borne in mind that the acceleration of this process was caused by ODS.

[Gembrick] You are personally responsible for drafting the law on the division of federal property. Which are the greatest stumbling blocks, in your opinion? Couldn't they become the source of tensions and cracks in the agreements with ODS, and thus also of a slowing down of the disintegration process?

[Filkus] Of course, potentially they could do that. It would not be realistic for me to say that they would not. But because we know where the flash points of possible tensions are, presumably we shall avoid them.

[Gembrick] How do you feel personally, Mr. Filkus, about being a member of the delimitating government?

[Filkus] You have formed your question very circumspectly. Many people say more or less openly that we are the demolishers, the sweepers, the liquidators. As I keep thinking about it—I don't know if it is my justification, but I go on the premise that I am not contributing to the fact that we are breaking up, but that I am contributing to the building of a new state entity. And I am giving it what is its due, the equalization of the rights of the new entities. And that is another kind of politics. Perhaps some will smile and say to themselves that Filkus is putting his own mind at rest, but I really do think that way.

[Gembrick] The economic concept of HZDS is blamed for certain directive tendencies by the state, objections to some principles of Klaus' reform. Who, in fact, personifies in the HZDS the principles of economic policy, when the trio of former strongest economic ministers, I have in mind you, Kovac and Husek, has different roles?

[Filkus] I think that those who are taking care of the economy for the Slovak Government have a program which we conceived together and which we are following. Second, it is wrong to think that in Slovakia there is a totally different economic policy and way by which to arrive at a market economy than the V. Klaus' concept. I know that it all centers on the intervention by the economic center. It must be kept in mind that the

very same steps that were taken in CR were taken in Slovakia too. The only difference is that in Slovakia they have a much harder social impact with a substantially higher unemployment rate. Besides the reform factors, the nonreform factors had a stronger influence in Slovakia as well.

[Gembrick] What kind of economic outlook do you predict for Slovakia after the division? Are the forecasts of some economic optimists in HZDS and SNS [Slovak National Party] justified, when they talk about a prosperous Slovakia in a very near future?

[Filkus] On the whole, I would not buy that. I think that not only here, but also in the Czech Republic during the first 2-3 years in the new state setup we shall have to stabilize ourselves, and that the necessary economic steps will not lead immediately to prosperity. But I do not think that it will be catastrophic.

[Gembrick] How should an ordinary citizen understand that?

[Filkus] He should understand it as a kind of tax on the emancipation process. That it must be paid for. With money, as well as in other ways. But I would prefer to pay for it with economic consequences and not brutally, with unrest and loss of life.

[Gembrick] In your opinion, will the Slovak citizen accept these sacrifices without reservations?

[Filkus] Sociological studies of various kinds show that the citizens accept the steps of the emancipation process. But the citizens must be told the truth in all circumstances, and given an opportunity to take part in making the decisions.

[Gembrick] What do you think of the unified information system of the Slovak Government and its relations with the journalistic community?

[Filkus] I ask, is it necessary at all to have a unified information system? We keep talking about democracy, a pluralistic system, and so, by and large, I do not identify with some unified information system.

[Gembrick] What is your idea of the proper relationship between a journalist and a politician?

[Filkus] Politicians and journalists are people. It is therefore the proper conduct of people, citizens, how one behaves toward the other. If you write something about me that you made up and that is not true, then you will hear from me. But I go on the assumption that since you are decent enough to give space to my defense, you will not lower yourself to do something like that. But it also applies equally to politicians. That I shall not object if you have a different opinion than I have. Write it up, and we can meet in a confrontation of substantive arguments. But I will not forbid you to publish your views.

[Gembicky] Will you clarify your relations, say, with Prime Minister V. Meciar and V. Klaus, to whom you ascribe a certain tendency toward autocratic decisions.

[Filkus] In spite of the reservations of some politicians and economists, I think that both are politicians on the European level.

[Gembicky] Mr. Filkus, is it possible, under the internal conditions of your movement, to lay a finger on the halo around Prime Minister Meciar? Will anyone dare take such a step?

[Filkus] I do not think that Prime Minister Meciar sets great store by a halo, but if you are thinking about open, informal discussion in the plenum, such events have taken place in the movement. If you think it takes courage, then I have shown it. I must say that after a public discussion we came to an understanding in the end.

Klaus on Meaning of St. Wenceslas Tradition

93CH0006B Prague *CESKY DENIK* in Czech
30 Sep 92 p 3

[Article by Vaclav Klaus, prime minister of the Czech Republic: "How Does the St. Wenceslas Tradition Address Us?"]

[Text] In our thoughts, we are returning to the time more than 1,000 years ago, a time which we are able to visualize only in gross outline. At that time, central Europe was in a status of permanent war with everyone fighting everyone else. There was more than enough cruelty and crassness on all sides and so it was not easy to recognize that in the midst of these conflicts something new and significant was being born—something that would be shaping the life in this part of Europe for many, many centuries to come. In this conflict, the Slavic tribes occupying the territory of what is today Bohemia slowly began to form into a state unit. During this time, Christianity represented only a thin skin on the surface of barbarian society. And this society was faced with a fateful decision as to whether it would be inclined permanently toward Christianity, whether it would be inclined toward Christianity originating in the West—that is to say, in Rome—or toward Eastern Christianity, the center of which was Byzantium?

The decision which was made at that time by our forebears was a decision in favor of the West and a decision in favor of Rome. Although romantic national ideology during the period of national rebirth in the 19th century frequently explained this decision as a decision in favor of Germany and in favor of Catholicism, our forefathers inclined, with great foresight, toward the newly nascent European association which created a religiously and state-anchored cultural unit, toward an association which was not based on that which it was—in other words, on a tribal or racial affinity, but on that which should be—on a positive program and on the belief in values which transcended human banalities and

ordinariness. Thus, the idea of a Czech state, from the very beginnings contained elements of participation in European interests, in addition to a natural emphasis upon a state entity.

St. Wenceslas is today a symbol for us and the personification of precisely this orientation. That which we know about him is based only on fragmentary mentions in Saxon chronicles and in stylized legends. St. Wenceslas, therefore, speaks to us less in the language of a historical figure, but more in the language of tradition, something which does not represent any less valuable and less truthful testimony. This tradition speaks of Christian values, of humanitarianism, of monarchic responsibility, of immeasurable personal bravery, and we do not have the slightest right to belittle it, we do not have the slightest right to fail to be guided by it.

It is, therefore, no happenstance that we are turning to this tradition today in a situation which is full of uncertainties. The Russian communist empire has crumbled and in the political vacuum which it left behind one violent conflict after another is igniting. The broader state unit in which we have thus far lived—Czechoslovakia—is falling apart and it was not we who desired its demise. Nevertheless, it is a reality and we stand before the task of once more building the foundation of our own Czech statehood. And we must not always begin from the beginning; our Czech statehood must be anchored in our 1,000-year history, including the St. Wenceslas tradition, and Budec is among one of the prime locations. The message out of the distant past which we are recalling here today is among the fundamental values upon which we wish to build. Our history, of course, includes 70 years of Czechoslovakia and everything good as well as bad which these years brought (let us recall that only 20 of those years were truly free for us), but our history also includes the recent period of almost three years, when we were once more taking a large step toward freedom and human dignity.

We have become accustomed to speaking of our integration in Europe in a somewhat easier and lighter tone and we consider it as a matter of fundamental importance. But we must not forget two things.

In order for us to be able to integrate somewhere, we must primarily first be, we must exist as a visible, viable, sovereign unit. And mainly, our integration into Europe is not a matter of votes pertaining to us in some parliament which exists away from us. We certainly perceive that this is not a matter of being passively integrated, but that what is involved is our active integration; all of us, at all levels of social life, must therefore work very hard toward this end.

But this also means contemplating that which we were: The St. Wenceslas tradition is the cornerstone of our state and national existence and, at the same time, the most eloquent testimony that we are part of the European culture, part of European civilization.

Entrepreneurial Support Programs Discussed*92CH0989C Prague HOPODARSKE NOVINY
in Czech 21 Sep 92 p 8*

[Article signed (VA): "Entrepreneurial Support Programs"]

[Text] At this time, four programs for supporting small and medium-size enterprises, based on a contract between the Czechomoravian Guaranty and Development Bank, Inc., and the CR [Czech Republic] Ministry for Economic Policy and Development and the CR Ministry of Finance, have been announced. To provide for the implementation of this task, the amount of 840 million Czechoslovak korunas [Kcs] has been set aside in the special purpose fund of the CR state budget.

The programs are designed to support the establishment and development of small enterprises (program START), the development of medium-size enterprises in industrial production or construction, with emphasis on the growth of export, higher valuation of inputs, particularly domestic raw materials and scrap material, and on introduction of state-of-the-art products and technology (ROZVOJ). Support is provided also for research and development, particularly for resulting Czechoslovak patents (PATENT), and entrepreneurial activity in selected areas of the Czech Republic emphasizing creation of new jobs (REGION).

The Czechomoravian Guaranty and Development Bank, Inc. was established with the goal of creating a banking institution aimed at providing banking services to small and medium enterprises in the Czech Republic. Emphasis was given to providing bank guarantees and efficient help in negotiating returnable and nonreturnable financial assistance from the state, and for supporting small and medium enterprises at the time of their founding and development. The creation of the bank is meant to facilitate access to capital by entrepreneurs and ensure a more efficient use of budget moneys earmarked for support of small and medium enterprises.

The bank has a universal banking licence, which allows it to perform all kinds of banking operations at home. Priority is given to providing guarantees for bank credits and negotiating support for specific programs. It provides services at two price levels. Under usual market conditions, it is possible to get guarantees for bank credit, particularly for medium-term, investment-directed credit. Depending on its resources at the time, it also offers guarantees for short-term credit to cover operational needs, guarantees during the process of extending construction credit in stages, and on a limited basis also guarantees for long-term credit, particularly in cases where the required guarantee does not exceed the limit of four years.

Services at advantageous prices are provided within the framework of the announced support programs which the bank realizes on the basis of a contract made with

governmental or other institutions, including international. It receives from them financial resources under conditions that allows it to provide entrepreneurs some selected services for lower prices, or arrange financial contribution from the state in various forms. The extent and conditions for providing advantageous services and the method of using financial resources earmarked for specific purposes are strictly delimited by the sponsor.

Since 1 March 1992, when the implementation of the programs began, the bank's employees have daily provided information in dozens of telephone calls and in personal consultation with visiting potential clients on how to obtain support for entrepreneurial plans under the announced programs. The number of services of this kind has already exceeded 8,000. A big problem is the total lack of experience on the part of most beginning entrepreneurs, and the lack of clarity of their entrepreneurial plans not only from the material standpoint but the financial one as well, the overestimating of marketing possibilities, and especially the underestimating of the risks connected with the of realization of their plans. A number of submitted applications for support are incomplete or incorrectly filled out, particularly in the economic part, and have to be returned to be completed or reworked.

Nevertheless, since 15 August the Czechomoravian Guaranty and Development Bank has accepted 805 applications for support within the programs, and 28 applications outside these programs. By the mentioned date, support was approved for 413 projects and 96 projects were rejected (more detailed information was published in HOSPODARKE NOVINY No. 178). Represented most strongly among the submitted projects are industrial production (37 percent), trade (25 percent), food industry (13 percent), public services (9 percent), housing services (6 percent), and transportation (5 percent). The regional distribution of the projects is also relatively diversified. Most projects are realized in Prague and in North Moravia, the fewest in the areas close to our northern borders.

Among the supported applicants unequivocally the most numerous are small, beginning entrepreneurs (program START—45 percent). Next are projects that meet the conditions of program REGION (about 36 percent), a considerable number of which (about 80 percent) make use of the advantages of combining it with the programs START or ROZVOJ. Projects approved for inclusion in program ROZVOJ represent about 14 percent. Under the program PATENT, support was approved for three projects, in two cases in combination with program ROZVOJ and in one case in a combination of three programs. The remaining cases (roughly 4 percent), where guarantee was given under general commercial conditions, were very promising entrepreneurial projects, which, however, did not meet the conditions or criteria of any of the announced programs.

**Regional Distribution of Supported
Entrepreneurial Projects**

Region	Number of Projects
Prague	92
Central Bohemia	40
South Bohemia	29
West Bohemia	28
North Bohemia	31
East Bohemia	50
South Moravia	66
North Moravia	80

**Supported Entrepreneurial
Projects by Subject**

Subject	Number of Projects
Industrial Production	155
Construction	5
Food Industry	53
Transportation	20
Trade	105
Housing Services	28
Public Services	40
Other	10

In the last two months, the bank made other agreements with the CR Ministry for Economic Policy, the Ministry of Health, and the Ministry of Finance on implementing a program for supporting reduction in the consumption of fuel and energy in residential

buildings and apartments, for using renewable and nontraditional energy sources, and a program for supporting the creation and development of nongovernmental health facilities. The realization of both these programs will begin in the very near future.

FIDESZ Position on Hungarian Minorities

93CH0029A Bratislava UJ SZO in Hungarian
1 Sep 92 p 7

[Interview with Laszlo Kover, parliamentary representative of the Federation of Young Democrats, by Attila Lovasz; place and date not given: "New Concept: Limited Sovereignty"]

[Text] Czechoslovak readers have known the Federation of Young Democrats [FIDESZ] ever since Viktor Orban delivered his memorable speech on 16 June 1989. They regard FIDESZ as a radical youth organization, while citizens of Prague vividly recall the August 1989 incident involving Tamas Deutsch and Gyorgy Kerenyi. Since then the winds have changed, the political systems of socialist countries have changed, and free elections have been held. FIDESZ is a political party seated in parliament; the workings of its parliamentary faction are known to persons interested in politics from reports televised from parliament. In contrast, only a few people are aware of the fact that for almost a year now, FIDESZ has been leading in popularity polls. What kind of organization is FIDESZ today, what should be known in the summer of 1992 about the political force that increasingly conducts itself like a political party and bears the marks of a party representing a certain generation? National Assembly representative and attorney Laszlo Kover answered this and other questions for UJ SZO and for the Czechoslovak Press Office.

[Kover] FIDESZ is indeed the most popular party in Hungary today. This does not mean, of course, that it has the best chance of winning the next elections. Public opinion poll results and popularity ratings show the extent to which people sympathize with a given organization. A number of additional factors, such as the ability of the party to govern, make people decide whether to vote for FIDESZ, and since we ran as a youth movement in the 1990 elections we have more to catch up with than the rest of the parties. We are making good progress; however, our strategic objective is to run a party called FIDESZ in the 1994 elections, a party the public is able to accept without any particular reservations, and potentially as a leading ruling party. In a certain sense, this would be accompanied by losing our radical youth character. On the other hand, people sympathize with us because FIDESZ was able to preserve its different, original character, its ability to present fresh ideas; it preserved some of the features that characterized the organization between 1988 and 1990.

[Lovasz] You been attacked more than once on grounds that as a liberal party, FIDESZ has not had a sufficiently national character, and that as a result it had not really paid attention to the minorities. Is this true?

[Kover] Anyone who claims that FIDESZ does not stand on national foundations and relates this fact to liberalism is at best uninformed. But so that I do not appear as naive, I should say that I believe that they are trying to manipulate the Hungarian electorate. Incidentally, doing so is not some Hungarian specialty; this phenomenon is

characteristic of the system. The fact is that Hungarian society must be divided. An artificial political division must be created in order to provide a secure base for certain political forces. Some political forces establish deeply emotional bonds with certain voting groups. This bond is entirely independent from the prevailing economic and political situations. Simply put: One segment of Hungarian society must be set against another segment, the faithful against the atheists, Catholics against Protestants, and nationalists against cosmopolitans.... Based on this script it becomes possible to identify the opposition parties as Bolsheviks or Jews. Fortunately, in Hungary the results of this manipulation have fallen far short from situations that have evolved in certain countries not too far away from us. FIDESZ does not intend to respond to these attacks. Anyone aware of the way this organization was formed, of the foundations provided by specialized colleges and the club movement, is also going to know that considering our roots, it is not worth our while to deal with these attacks and manipulations. But if I still wanted to deny these attacks, one of the best arguments I could present would be the program produced by our Fourth Congress. They are afraid of FIDESZ because it could come forward with a national policy in a more credible and veritable fashion than those who present themselves as the sole trustees of national policies.

[Lovasz] Is the situation the same with respect to minorities, or, to be more specific, to national minorities?

[Kover] FIDESZ's minority program is not without antecedents. Its contours were already clear in the election program; nevertheless, these have changed due, in part, to changes in the political situation. Above all, we espoused the principle of national self-determination as a collective right, but at the same time we also espoused the right of individuals to freely choose their identities, and this contains the right to be different on the one hand, and the right to assimilate on the other. Nonviolence has been a very important basic principle of ours from the outset. In other words, we would never, under any circumstance, use violent means to remedy offenses suffered by the nation or to resolve nationality problems, because such means never provide deep-seated solutions to problems. Instead, they aggravate such problems to an extent that they become unresolvable. The position taken by the minorities section at the Fourth Congress included more than just these basic principles: The novel feature of this position is that it also stated in more detail and in contemporary terms how to resolve this problem. It states what FIDESZ expects from present Hungarian foreign policy, and what it regards as important in terms of resolving the concerns of minorities in Hungary. These two aspects of the issue are joined not because we regard the principle of reciprocity as acceptable. The simple fact is that the problems of national minorities represent common concerns to every country in the region, and these problems can be managed really well only if they are treated uniformly. Incidentally, as compared to earlier positions taken, the most important

novel feature contained in the document on minorities is the definition of limited sovereignty. The document states that the national policies of the various states in the region are determined by a limited right to self-determination held by minorities on the one hand, and by the limited sovereignty of the various states. The state must grant a certain degree of autonomy to its community of citizens that does not belong to the majority nation. The degree and form of this autonomy must conform with the special circumstances that prevail in given areas, but cultural autonomy can be realized in all the states without any further action. Accordingly, in this sense, the state, as such, surrenders part of its sovereignty in favor of certain communities of citizens. The other side of the coin is that the right to self-determination held by minorities residing in these states—a right that cannot be questioned—must also be limited; one could say that these nationalities would have to limit their own rights. This self-imposed limitation would manifest itself in the fact that these minorities would not remove themselves from the given framework of a state and would not establish claims to either create a new state or to join another state. This is the kind of compromise that, in our view, presents an opportunity to resolve the minority problems in this region.

[Lovasz] This much about principles. How would this work in practice?

[Kover] It should be obvious that these are general declarations of principle, and that the path to finding specific legal and institutional mechanisms would lead through very many negotiations and political conflicts. Nevertheless, we regard this as a good path to follow because politics in the former Soviet sphere of influence produced a sufficiently large number of bad solutions to permit everyone to learn from that experience.

[Lovasz] The principle of limited sovereignty is a new concept in political science. Could it take roots? Could it serve as a model?

[Kover] This concept is an easy prey for those who oppose its substance. We are not doctrinaire in this regard, we are not going to insist on maintaining the designation "limited sovereignty." I believe that the problems covered by this designation are clear. Insofar as offering this concept as a model is concerned, I do not believe that a model for resolving minority issues could be established in Hungary. I am certain, however, that any prevailing Hungarian government must manifest tolerance toward its minorities, but the minority situation is different in the neighboring countries or in the countries of the former eastern bloc—except in Poland. Minority groups in Hungary are not as large as elsewhere, and the numerical ratio of the minority population in Hungary is not as large as either in Slovakia or in Romania. This presents a problem from the standpoint of constitutional law, because neither Slovakia nor Romania have problems with granting parliamentary representation to their minorities, while Hungary has;

mandated minority representation in the Hungarian parliament could only be accomplished on the basis of positive discrimination ordained by law. I must add here that the threat of assimilation in Hungary is also greater, and thus a greater degree of state intervention is needed. Being liberal in the sense of not hindering development by the minorities is not enough, instead the issue itself—in a financial sense, too—must be dealt with intensively, near the tolerance level of Hungarian society, in order to avoid charges of consciously endeavoring to assimilate these minorities or of placing minorities at a disadvantage. Yet another problem presents itself if we consider that minorities in Hungary do not constitute blocs of population, instead, they are dispersed.

[Lovasz] The government approved a newly modified version of the minorities legislative proposal in February. We know that this law—to be presented to parliament this year—was drafted not by the government alone, but with the involvement of representatives of the Minority Roundtable. To what extent did representatives of minority groups in Hungary take part in developing FIDESZ' political positions and documents insofar as those pertain to minority policies?

[Kover] They were not directly involved. Social organizations for minority citizens did not evolve in Hungary in a form that enables them to function as satellite organizations established by the various parties. Thus we do not have MDF [Hungarian Democratic Forum], SZDSZ [Alliance of Free Democrats], or FIDESZ minority organizations. They nevertheless exert some influence as a result of the fact that we, too, endeavor to establish intensive relations with various, separate, minority organizations in the form of round tables, and that we try to enforce their interests in parliament.

[Lovasz] Apropos: the government. Gyula Horn, the last foreign minister before the system change, once said that we could really help Hungarians beyond our borders by having a good foreign policy, and especially by having good relations with our neighbors. How do you regard present Hungarian foreign policy from the standpoint of the Hungarian minority abroad?

[Kover] In all fairness to the government I must say that it is not always easy to be on good terms with Hungary's neighbors because two opposite, nevertheless mutually close extremes must be avoided, and because the path to be followed by Hungarian policy looks more like a razor's edge. One of the extremes that was highly characteristic of the Kadar era and its Hungary was a false view according to which the nationalities issue amounted to forming an alliance with the devil and that if we opened our mouth we would harm more than help Hungarians beyond our borders. This view is unacceptable, and Hungarian foreign policy must pay official attention to Hungarian minorities beyond our borders, in my view. This is so because national identity is a reality, one that we must anticipate to see for a long time to come. Anyone failing to do so would totally disregard reality. The other extreme situation occurs when the

government asserts a right for itself to interfere with the internal affairs of any neighboring state. This seems to close the circle. Accordingly, we must pursue a kind of foreign policy that makes clear the conceptual minority policy approach for every prevailing government. We must also avoid making any statement that could be misunderstood or interpreted in several different ways, statements which truly have a potential to harm Hungarians beyond our borders. The number of declarations need not be increased; instead we must have an active foreign policy, through intensive economic relations, for example. In summary: I believe that if we were the ruling party, we would do many things differently, but the Hungarian government has not made grave mistakes during the past two years! I would add that there are no cardinal differences between the parties seated in the Hungarian parliament regarding the handling of this issue, and thus a radical change cannot be expected even after the 1994 elections.

[Lovasz] Thank you for the conversation, Mr. Representative.

Reality of Change in System Questioned

93CH0016A Budapest HETI MAGYARORSZAG
in Hungarian 18 Sep 92 p 3

[Article by MDF Parliamentary Representative Zoltan Speidl: "Parliamentary Corridor"]

[Text] Some people spread the word that the coalition, and mainly the MDF [Hungarian Democratic Forum], has either occupied already, or is planning to occupy every possible position of power. What should I say? I would not be surprised if the coalition was indeed planning to occupy positions of power, but I am afraid it would take many years to accomplish that because opposition statements concerning power conditions have little to do with the truth. They themselves know that, of course, while clamoring about the danger from the governing party's side.

Something I have felt quite often has now been confirmed in a study prepared by National Assembly Representative Gyula Fekete Jr., published in issue No. 4 of PALOCFOLD from my homeland: "Who Holds Power Two Years After the Elections?" The author of the article uses a methodical approach to summarize his theses, enumerates the various branches of power and the positions, then expresses his hardly debatable views. The mere listing of the various subtitles—the Office of the President of the Republic; Constitutional Court; the parliament; executive power; courts; local governments; economic power; the primary public; political parties; interest groups; the Honved forces, national security; science and the arts; church and religious life; ownership and property; the issuance of money; social security; the second public; foreign dependence; clan and nationalities interests; the second economy—goes to prove that

the author thoroughly assessed the situation when he sought an answer to the question raised in the title of his study.

One could not even begin to discuss all of Gyula Fekete's statements. For this reason let us select only a few of them. First, let us underscore a few introductory findings contained in the study. With reference to the "pact," the author declares that "the laws that could change the system are exactly the ones that require a two-thirds majority vote, i.e., they have either not come about due to a lack of compromise, or have been so loaded with compromises that they have become unsuited to change the system. If, by virtue of some miracle, they are passed by the National Assembly, the president of the republic delays signing the laws for weeks and months." The author concludes on the basis of that fact and other circumstances that "The progress and direction of the system change has, by far, not been determined by power conditions in the parliament. Accordingly, it is by far not the governing party group in the parliament that is responsible for the problems that have arisen in the country and that add to the problems inherited."

Concerning the president of the republic the author states that this office fell into the opposition's hands based on an agreement between the parties. "The nature of the bargain ('quid pro quo') made it self-evident that through his actions ... the president of the republic would not represent the Hungarian people as a whole, but the non-governing party group of the Hungarian people.... In parliamentary forms of government, however, the head of state should embody the entire nation, and should not risk his moral reserves in political games.... Unfortunately, in Hungary neither the political ambitions of the head of state, nor the parties constantly prompting him to assume a political role, help provide the president a role that is above politics."

Speaking of the Constitutional Court the study says that "In reality, the court exercises authorities of upper houses in truly aristocratic republics, where the upper house is able to annul at any time the decisions made by the lower house, and in which the upper house's decisions cannot be appealed." In Hungary, the author says, modesty alone prevents that this institution—bearing no moral or financial responsibility for its decisions—be called the upper house. An example for that lack of responsibility is the several billion forints burden imposed by prohibiting the use of personal identification numbers.

The author also disputes the existence of a governing party voting machine in the parliament. Based on analyses he demonstrates that uniformity is characteristic of the opposition parties. Regarding executive power the author states that only at top levels (ministers, state secretaries) is there an undisputed governing party majority; lower level positions are occupied mostly by the same people who had occupied those positions years ago. With respect to experts, however, a change has occurred: important positions are, by far, not held by the

opposition today. All that suggests that "the governing parties do not reign over the ministries; they are unable to realize the election promises through the government, nevertheless, the opposition no longer reigns over experts either."

As shown by the list of subtitles, the author also provides an exhaustive analysis of the other topics. In conclusion, let us reiterate a few of his summary statements. Parliamentary representatives "hold only one-third of the power ... even according to the model that recognizes three branches of government." A continuing struggle between the parties and the various political trends to acquire the rest of the power flows from that concept. According to Gyula Fekete, the two liberal parties have become most imbedded in the power structure (in part because of their preponderance in local government,) while the position of the conservative parties is the weakest. At the same time, "... the responsibility of the conservative parties to the public is disproportionately larger than the influence they wield in molding the events as a result of their partial (30 percent) presence in the exercise of power."

Having read the study, there remains only a single open question in my mind: I do not know whether I should cry or laugh when told that a new party dictatorship was evolving here, that the methods of governance were characteristic of the party state and that in terms of their dictatorial character they belied the past.

Former MNB Vice President on Debt, IMF
92CH0997B Budapest TALLOZO in Hungarian
10 Sep 92 pp 1750-1751

[Interview with Janos Fekete, former first vice president of the Hungarian National Bank, by Hungarian TV reporters Henrik Havas and Laszlo Juszt: "Abuse Is All I Have Been Getting for the Past Two Years"—transcript of interview broadcast during week of 31 August 1992 on Ossztuz, a weekly TV program; date and time not given]

[Text] *Answering questions put to him by reporters Henrik Havas and Laszlo Just on Ossztuz last week, former MNB [Hungarian National Bank] First Vice President Janos Fekete discussed Hungary's \$20 billion debt, the conditions set by the IMF, and the present state of the economy. The producer of the NAP TV political debate program was Tamas Gyarfas. Ferenc Szekely was the responsible editor.*

Havas: Janos Fekete, you were known formerly as the first vice president of the Hungarian National Bank. I have had the opportunity to write several reports about you. Almost always, several accusations surfaced that were being mentioned against you: that you were responsible for the \$20 billion debt; and that you were unlucky in your choice of the yen as the currency in which our debt is denominated, because subsequently the dollar was revalued upward by 30 percent, as a result of which

we have incurred enormous losses. Once you commented that there was yet another accusation against you—that we joined the IMF thanks to you. I was puzzled then about why you saw it as an accusation, when you should have been commended for it. But the latest developments prove that it was a serious charge after all. We read in Istvan Csurka's essay that we had been digging our own grave by joining the International Monetary Fund, thereby sending the Hungarian economy into a long decline. The Hungarian Government is in an unfavorable light since the change of political systems, because we are obliged to abide by bad dictates.

Fekete: Then you fully agree with Brezhnev, Kosygin, and Gromyko. When we wanted to join the IMF in 1967, I strongly recommended such a move in order to gain two-pronged support for Hungary's economic reform. On the one hand, our money would have been real, a convertible currency. On the other, there would have been competition in the country, which can be achieved only through the liberalization of imports. Therefore I was authorized to conduct confidential negotiations with the two international organizations and was able to reach agreement with them. The essence of the agreement was that they would have been willing to support us in making our currency convertible with the help of a suitable loan, and to put our terribly neglected infrastructure in order. The day before the agreement was to have been signed, Jeno Fock, the prime minister at the time, received a telephone call instructing him to come to Moscow. There three gentlemen—Brezhnev, Kosygin, and Gromyko—warned him not to sign the agreement, because it would have very serious consequences. The Hungarian leadership decided not to take the risk. That is why we were unable to join, why we did not get loans, why we could not liberalize imports and make our currency convertible, and why the reform did not develop the way we had planned.

Juszt: Why did the IMF regard specifically Hungary as suitable for joining it? Why did they sit down to negotiate with you in particular?

Fekete: That you should have asked them.

Juszt: Was there anything behind that?

Fekete: If there was, it must have been the fact that we had very good relations with Western banks. The Hungarian National Bank's international credit rating was very good. The Western banks greatly also appreciated the fact that after the war we had settled our debt. On the market, the Hungarian National Bank's name was as pure as crystal. That made Hungary stand out to some extent from among the rest, at a time when many countries were doing the exact opposite and declaring bankruptcy. They needed a partner whom they could have presented as proof that much faster progress can be made through the normal settlement and servicing of debt than by refusing to pay, and not getting new loans

for that reason. That brings economic growth to a standstill, and the economy stagnates, which is the case in very many countries.

Juzt: Did the aforementioned \$20 billion debt not damaged this reputation?

Fekete: That \$20 billion debt was not a \$20 billion debt when I left my post. It was only \$17 billion. And the net balance of debt, separate from interest, was actually between \$12 and \$13 billion. The president of the National Bank at the time told the parliament that at one of its sittings that his information was the outcome of a lengthy investigation. The \$20 billion figure is making the rounds in the country as if it were a terribly great danger and disaster, the reason we are unable to grow. Hungary—and this I may safely say—never has been and is not now an overindebted country.

Havas: Does that balance of between \$15 and \$17 billion include the \$500 million, information about which had been withheld, and which Miklos Nemeth subsequently revealed in so dramatic a speech?

Fekete: Miklos Nemeth's dramatic speeches did not impress me much. The truth is that the Hungarian National Bank—as I have said many times and will now repeat once again—has never released any figures that were not true. That I could say about neither the Hungarian Government nor the Ministry of Finance.

Havas: There were two moments when we had very narrow escapes. One was the foreign-exchange crisis of 1981-1982. That was the time when, allegedly, police couriers were driving up from Lake Balaton with a few thousand dollars, so that there would be at least something in the National Bank's till. The other was the late 1980's. Istvan Csurka claims in his essay that deposits were being withdrawn deliberately from the National Bank during the change of political systems, in order to force the young Hungarian democracy to its knees. Was there any similarity between the two moments, and is there an informal or formal connection in the banking world that could ruin a small country such as Hungary if it wished to do so?

Fekete: Let us dissect this matter. In 1981, Poles announced they were unable to service their debt. There followed similar announcements by the Romanians, Yugoslavs, Vietnamese and a number of other countries belonging to the so-called socialist bloc at the time. To everyone's greatest consternation, Mexico, one of the world's biggest debtor nations, announced it was unable to pay. After Mexico came Brazil, and the so-called international debt crisis began. In that crisis all our depositors, with our socialist depositors in the lead, began withdrawing their deposits with lightning speed. After some countries had been forced to reschedule their debt, the depositors feared that we would be next. At the time we fought with all our strength to avoid following in the Poles' footsteps. I recommended that we go to the IMF and the World Bank and attempt to join. A miracle happened—they agreed, and we were admitted with

exceptional speed to those international organizations. The news itself that we were members and would be getting loans stopped the run. Then the Bank for International Settlements also gave us a substantial loan, and after three to six months the panic ceased.

Havas: How did you people around Kadar settle among yourselves the "minor" issue that the country could be brought to ruin through a simple financial maneuver?

Fekete: If you regard as a financial maneuver that a foreign banker, who has loaned hundreds of millions of dollars to various countries, becomes afraid and puts on the problem list other countries nearby, when he sees those loans going sour one after the other and realizes that he will not be getting his money back. Well, we see things like that happening here at home, too.

Juzt: Do informal channels and connections exist in the world of banking?

Fekete: They obviously exist, because bankers talk to one another, the same way professionals in any branch do. When they have information, they exchange it. What happened in Hungary in the late 1980's, during the change of political systems? What happened was that those who were still in opposition at that time announced that they would not honor the debts incurred by the Communists. The news that the Hungarians would not be servicing their debt spread throughout the world. When the new government came to office, the prime minister and those around him decided—fortunately—to continue the old foreign-exchange policy and to service Hungary's foreign debt. Thanks to that decision, Hungary has been able to avoid bankruptcy, and today we do not have any real problems so far as foreign exchange is concerned.

Havas: Do decisionmaking mechanisms and informal channels, of the kind Csurka writes about, really exist? Where decisions can be made and the course of our growth determined? Where we can be influenced by personal decisions and forced, through the IMF, to curb budgetary spending? Where the conditions are set under which we may borrow?

Fekete: Regrettably, Csurka is not a classic in my opinion. I must apologize for being perhaps behind the times, but I have not yet had the opportunity to study his work. But from what you are telling me, I am able to form a rough idea of what the situation is. One thing I can say: I hope I never have worse partners to deal with than the IMF officials. They are administrators more or less, but their behavior has always been absolutely correct. Never have they given us advice to shift economic policy in a direction that would have forced us to reduce the living standard and make the situation worse. To the contrary. I am able to disclose that, on several occasions, the IMF's representative warned us to take care, because such cuts in the living standard could cause trouble far more serious than the question of how much the state budget's deficit ought to be.

Juszt: Was that before or after the change of political system?

Fekete: That was before the change of political systems, but the same people are there now. They say that the state budget's deficit may be 5 percent of GDP at most. That equals 150 billion forints.

Juszt: There is one question still left unanswered—conversion of the debt from dollars into yen.

Fekete: There is one book that everyone is reading. Because a book that says something very bad about a person is bound to become a bestseller. That book claims that joining the IMF has cost us \$3 billion. Those words are being quoted everywhere. The problem is that the words are merely the middle of a sentence. The beginning of the sentence says that in 1986 we made a profit of \$1.5 billion on the exchange rate. Mr. Havasi, the author of an article in that book, claims that Fekete had told him not to consider that amount as profit, because it merely stemmed from a difference in exchange rates and nobody regarded such differences as real profit. The following year the value of the dollar dropped dramatically, and we showed a paper loss of \$3 billion. Plus \$1.5 billion changed into minus \$1.5 billion. The last sentence said that in 1988 we again show a plus of \$2 billion. In all, then, there has been a profit of \$500 million, rather than a loss of \$3 billion. That is one part of the matter. Another is that \$400 million is saved annually in interest payments; regardless of whether the dollar goes up or down, because we are paying 6 percent interest, rather than 10 percent.

Juszt: And what would have happened had we converted the dollars into yen six months later than we actually did?

Fekete: That is a good question. A young man who was my colleague had raised that question. On the basis of his good work, I nominated him for the State Prize. (His other great appeal was being party secretary at the time. For which I greatly admired him and still think it was decent of him.) But there is one thing I do not like—in 1989 he allegedly wrote somewhere that I mismanaged foreign-exchange policy. We are talking about a young man called Boros. I left the National Bank on 31 December 1988. And the brave young man who had worked for 20 years very usefully by my side—as I have said, I nominated him for the State Prize—suddenly got the idea to attack me in public, for allegedly having mismanaged foreign-exchange policy. That may be true, but he should have said so when I was there. After all, it does indeed make a great difference if someone starts criticizing me when I am no longer there! That gentleman—for he was quite talented—sat there in the leadership when the decisions were being made. After every decision I made, I asked whether anyone had a contrary opinion. Nobody had one at the time, but somebody did after I left.

Havas: In the essay you have not read there is a suggestion that a loan always had a political offset.

Fekete: When I started negotiations with the international organizations on the Politburo's authority, I was given instructions about the four things that were off limits. We could not provide any information about our military relations with the Soviet Union; about our gold reserves; or about our East-West trade, including more information about our trade with the East than what was contained in official CEMA statistics. That is important because official CEMA statistics were exceptionally revealing.

Juszt: To whom?

Fekete: To whoever believed them.

Juszt: And what was the fourth thing off limits?

Fekete: We could not provide information about certain political relations of ours—with the Soviet Union, for instance—that pertained to military equipment. Such as what was the troop strength of the Soviet forces in Hungary, and similar things.

Havas: Was there ever any talk of political conditions?

Fekete: I am able to declare publicly that I would have turned the table on them had I, either as negotiator and leader of the delegation, or as Hungarian governor of the IMF, ever heard during the negotiations that there are political conditions attached to the loans. Believe me, I would have!

Havas: Because that is not customary in such circles?

Fekete: That is not customary in such circles. Not so long ago, I was invited to take part in a committee. The Japanese ambassador presented the invitation to Hungary's minister of foreign affairs, with the request that the Hungarian Government make me available to work in a team under Helmut Schmidt, together with 13 or 14 team members who were regarded as the world's foremost financial experts at the time. The Hungarian Government graciously informed Japan's Ministry of Foreign Affairs by letter that it was seconding me to the team. That was some achievement after all.

Juszt: Which government are we talking about?

Fekete: That was back in 1989-90, when Gyula Horn was still foreign minister. The team prepared a report, which we presented to the secretary general of the United Nations, because he was the one who had commissioned the report. In it we wrote down our recommendations for the West and East respectively. A decision was adopted that our team would deliver the report to 15 countries and would explain what we were recommending and why. With my luck, I drew Moscow. I was told to go there because I spoke Russian. The important thing is that the Russians rolled out the red carpet upon my arrival, because I was presenting to them a committee report, on behalf of the secretary general of the United Nations. On that occasion I told the Russians that, within two years, everything would be reduced to ruins there, unless something happened besides perestroyka

and glasnost. Something that could be eaten and used for clothing. And my request to Westerners was that they do more than just promise, because that was all they were doing. They listened to my advice, but it had no effect.

Juzs: Mr. Fekete, on at least two occasions the prime minister referred to you as one of the causes of the change of political systems, saying that the change of political systems would not have proceeded so smoothly had you not created such a catastrophic economic situation.

Fekete: I considered it a great honor that the prime minister chose to mention me by name in a speech he gave in Cleveland. My answer is this: Any adult, level-headed, intelligent Hungarian citizen who grew up here and is of sound mind might believe that I happened to come across a bank as I was walking about in the City in London, decided to go in on the spur of the moment, borrowed \$5 million, then came home and built myself a palace or villa. But that I could do it with \$20 billion, in a country where the Politburo and the Central Committee oversaw even the smallest step?

Havas: Excuse me, we are not talking about that, but about living it up with the \$20 billion.

Fekete: In today's newspaper the National Bank's vice president concerned is quoted as having said that a miracle would happen by the end of this year, because the net balance of Hungary's debt would equal this year's export. That the export of goods and services will have earned \$13 billion, and the net balance of debt will also be \$13 billion. That is a very respectable figure, but then we add that formerly we had been on the brink of bankruptcy, and what a huge improvement that is by comparison. Let me tell you how much of an improvement it is! I do not agree that we had been bankrupt. Our export then totaled \$5 billion and 7 billion rubles. Statistically, however, the West was willing to accept only the \$5 billion. About the 7 billion rubles the West said that it was not money, you could not do with it what you liked, and therefore it should not count. They "disregarded" the 6 million metric tons of oil, the 4 billion cubic meters of natural gas and many other things we got for those rubles. It did not bother the West that statistically it was unable to multiply the rubles by an exchange rate in dollars. We had \$5 billion of exports and \$10 billion of debt, which was very bad because we owed twice as much as we exported. Well, this year we no longer have any exports denominated in rubles, yet the Hungarian economy's performance is wonderful nevertheless—between \$11 and \$12 billion—for a number of reasons. One reason is that very many places are operating more efficiently. Management, too, is good at very many places. Furthermore, what was accounted in rubles up to now is now accounted in dollars. Also, capacities have been freed. And perhaps investment during the past 40 years was not so bad after all. Something was created here during those 40 years, and it is now producing for export. Where, I would like to know, are the large-scale

investment projects of the past two years? Investment is not much in fashion these days.

Havas: The till has been emptied! Many billions, incredibly squandered, could be called to account.

Fekete: And who is responsible now for where that 180 billion forint deficit in the state budget went? Let's be serious!

Juzs: Is there anything we have failed to bring up, but which you got wrong or mismanaged in recent decades?

Fekete: Abuse is all I have been getting during the past two years. And now you expect me to villify myself?

Juzs: Is there anything you would do differently today?

Fekete: I do not think that I could come up with any ingenious suggestions. But let me ask you a question. Are you satisfied with the present economic situation and with the government's present economic policy? Not all decisions will ever be good. Decisions can be bungled. There have never been a country and a leadership that always did everything right and clearly foresaw everything. But one thing is essential: There has never been a country that was able to grow without investment and progress, either.

Criminal Code Amendments on New Economic Crimes

93CH0015A Budapest FIGYELO in Hungarian
17 Sep 92 p 20

[Article by Tibor Krecz: "The Criminal Code of Laws as 'Luca's Stool'; "Economic Crime and Punishment"]

[Text] Comprehensive changes in criminal law will be considered by the National Assembly in September. The pending proposal also affects the Criminal Code chapter on economic crimes; the desired effect of the changes is to conform with the new social order. All this may appear as much delayed; one ought to know, however, that a substantial portion of the proposal has been ready for legislative action for two years, and that the National Assembly must be blamed if the amendments precede by only a short period of time the comprehensive revision of economic crimes scheduled for later this year.

The proposal to significantly revise the Criminal Code was finalized in December 1991, but several of its elements were ready in 1990, moments after the free elections. This much is already known of the parliamentary debate expected to take place this fall: There is not going to be any conflict between the ruling majority and the opposition.

Adjusting special provisions of criminal law to general market economy standards was the principle that guided the ministry in making the changes, according to Justice Ministry Deputy Division Chief Eva Koczka. As the general intent accompanying the legislative proposal

states: "... the proposal discontinues superfluous restrictions, it eliminates ... criminal activities that serve as barriers to the functioning of a market economy."

A Nation Out of a People

Not even the parliamentary majority might have thought last December (upon completion of the legislative proposal) that the memories of the Olympic Games were to fade by the time an opportunity presented itself to amend the law, and the Justice Ministry certainly did not think that the lengthy text would be quarantined for another 10 months. One could count the number of legislative proposals of a political character that had been approved by the parliament despite initial concerns, and that had subsequently failed to withstand constitutional tests, or the number of individual show-off performances before the parliament considered its daily business, or the hours spent on roster and precedence problems of the groups of 35, 10, 11, and 12 and a dozen representatives. It thus becomes apparent that the time was available, and that something else was missing.

The character of the legislative proposal supposed to change economic crimes is well illustrated by the proposed definition of the elements of crimes contained in this chapter. As of today, a person fails to perform the obligation to provide appropriate management if he fails to perform a duty related to the production, utilization, sale, announcement, available inventory, or handling of a given product, as such duty is specified by law or in the directive of an organ authorized to promulgate rules and regulations having the force of law, and if thereby such person—intentionally or negligently—acts contrary to the interests of the people's economy (the legislative proposal changes that technical term to the "national economy"). For quite some time, proceedings have not been initiated based on suspicion of having committed this crime, according to the Justice Ministry, nevertheless an appropriate updating of the text could render the provisions well-suited to protect some important interests. Based on the proposed change, the basic element of the crime would be nonperformance of a duty that resulted in the violation of a national economic interest defined by law, as such interest related to the production, utilization, etc. of a product. The significance of that provision may be seen primarily in the ever-increasing integration of international legal provisions pertaining to products with Hungarian law, and the proposed, future definition of the element of the crime applies mostly to the nonperformance of duties under those legal provisions.

The proposal would replace the crime of misleading the organs of the people's economy with the crime of acquiring economic advantage to which a person was not entitled. A person acquiring an economic advantage provided by the state (e.g., a grant, a preferential loan) as a result of misleading the relevant decisionmaking organ would be punished. (The text of a modifying amendment

to this provision introduced by Peter Hack appears to provide stylistic improvement to the originally proposed text.)

Profiteers No Longer Exist

The proposed changes would eliminate existing rules applicable to profiteering (unauthorized trading, middleman activities with no economic justification, price hiking resulting from such activities) and to price hiking (the establishment, request for, or acceptance of prices higher than the official or mandatory prices). The pursuit of mercantile activities as one form of enterprising has become an individual right, and the violation of rules pertaining to the exercise of that right falls under regulatory, rather than the legislative purview; the framers of the law envisioned the threat presented by the previously illegal activities as not sufficiently grave to warrant criminal sanctions. The concept of price fixing must be defined on the basis of the classic definition of supply and demand. Regarding that, the proposal would establish a new crime called abusive price increases. The basic crime would constitute an offense (punishment could not exceed two years in prison), and the persons to be punished under the provisions would be those pursuing middleman activities creating a shortage of goods, and then, taking advantage of the shortage created based on market conditions and prevailing price levels. Under the gravest of circumstances one could be sentenced to eight years in prison if the increased price caused a disadvantage to the national economy. Considering the time passed since the framing of the legislative proposal, one could question whether there was a need at all for defining the elements of the crime in this form.

The enforcement of mandatory prices and consumer protection will be based on newly defined elements of crime after amending the Criminal Code. In the absence of a graver violation, an offender will be deemed to have caused financial damage to consumers if he practiced fraudulent weighing or counting, the deterioration of the quality of goods, price fixing, or the asking or acceptance of payment higher than the established mandatory prices.

The elements of foreign exchange related crimes still in force are currently defined as obligations and prohibitions contained in a decree with the force of law concerning foreign exchange management. The specific content of that overall rule is frequently defined by the executive power that enjoys the support of the parliamentary majority. The proposal would change that situation, inasmuch as it provides an accurate listing of foreign exchange activities deemed to be criminal acts. Accordingly, it would be a crime to enter into an agreement in which the forint value of foreign exchange, or forint value expressed in foreign exchange was different than the official exchange rate. Independent Representative Akos Gali proposes to delete that provision on grounds of recent amendments to the foreign exchange law; Gali claims that deviations from the exchange rate must no longer be regarded as offenses of

sufficient gravity to make them sanctionable under criminal law. The Ministry of Justice is inclined to resolve the matter consistent with Gali's suggestion, according to information received from the deputy division director.

Those Who Defraud Social Security

The majority in the parliament, the opposition, and the government staff appear to be in agreement concerning the criminal law policy that would broaden the applicability of tax fraud rules to also apply to persons manipulating social security, pensions, and health care insurance, as well as with the payment of employer and employee contributions. We should recall at this point that the supreme prosecutor was questioned at the opening of the fall session of the parliament by an MDF [Hungarian Democratic Forum] representative about official action he had taken against persons who had failed to pay their contributions to the Solidarity Fund. At that time Supreme Prosecutor Kalman Gyorgyi stated the fact that the amendments to the Criminal Code would resolve that situation, and the governing party representatives accepted that response. Could it be that the MDF representatives did not recall on 1 September 1992 that their own minister of justice had concluded on 2 December 1991 the drafting of a legislative proposal that contained provisions to punish such criminal action? ... We should add the minutes it took to raise this question to the minutes spent on unnecessary political action as a result of which amendments to the Criminal Code were delayed!

In any event, once the parliament adopts the proposal, a person will have committed a crime if he falsified or concealed a fact that was significant from the standpoint of determining the amount of taxes or the amounts of the above-mentioned contributions, and if as a result of such action he reduced the amount of tax or contribution to be paid. Fraud involving major amounts could be punished by as much as five years in prison.

People who copy cassettes, thereby infringing copyrights may sleep undisturbed. At worst, they might pay a 10,000-forint fine if some steamroller crushed a few hundred of their phony cassettes on Hosok Square, because, for the time being, copyright infringement constitutes a rule violation only. The legislative proposal establishes copyright infringement as a crime. Basic cases of copyright infringements related to literary, scientific or artistic creations, the performing arts, sound recordings, as well as radio and television broadcasts will be punishable by up to one year in prison, community work, or fines. Persons inflicting significant damage as a result of copyright infringement could be sentenced to three years in prison, and in case of an intentional copyright violation the proposal provides for the confiscation of the goods involved in the violation.

[Box, p 17]

Money Laundering, Computer Crimes—The Elements of a General Amendment

Amendments to the Criminal Code considered by the parliament in the coming weeks serve only as an introduction to further amendments proposed by the Ministry of Justice, promised to be submitted to the parliament in 1992. The material still in the planning stages represents a full revision of the chapter pertaining to economic crimes.

In addition to possible refinements in various sections, the new provisions would also expand the scope of interests subject to protection under criminal law, and would define new types of criminal acts that threaten society. Here are a few of them:

- general protection for creditors; based on legal provisions now in force creditors enjoy such protection only with regard to persons subject to the provisions of the bankruptcy law; they recommend a more stringent view of the removal of collateral pledged in exchange for credit; credit obtained on the basis of fraudulent information could constitute a separate element of the crime;
- concepts of violating business and banking secrets will be defined;
- computer crimes are also subject to be included in the law;
- money laundering; this expression sounds like slang, nevertheless it is part of several criminal codes on the continent as well as overseas; by defining this crime it will become possible to divert moneys derived from illegal sources (other criminal activities, or, based on international examples, typically: terrorism, drug and arms trade, gambling controlled by organized crime) into the legitimate economy; the proposal mentions the problems of obtaining information about suspect transactions, as well as the development of internal control systems in financial institutions.

Prosecutors Track Payments to Foreign Parties

92CH0998A Budapest HETI VILAGGAZDASAG
in Hungarian 12 Sep 92 pp 76-77

[Unattributed article: "File Number Pf. 1917: The Case of the Rolling Dollars"]

[Text] A break has occurred in the "rolling dollars" case. Investigators from the prosecutor's office appear to have found clues to the identity of the persons who in the period 1960-87 violated statutory regulations by transferring the dollar equivalent of several hundred million forints, for the support of communist organizations abroad.

According to the press release that the Prosecutor General's Office issued last week, statements from 60 witnesses have already been obtained, and the questioning of suspects is about to begin, in the case of dollar transfers to Moscow by the former MSZMP [Hungarian Socialist Workers Party], for the support of foreign communist organizations. That has been made possible in part by the arrival from Russia of the documents the prosecutor general had requested earlier (following the revelations about the whole Hungarian affair, in Moscow last year)—e.g., of depositions from witnesses. The Criminal Investigation Department of the Prosecutor General's Office was reluctant to disclose further details about the status of the criminal investigation into "a well founded suspicion of a felony of violating foreign-exchange regulations and involving a particularly large sum" that was launched on 9 March 1992, after a fact-finding investigation to confirm the citizen's complaint filed by Edit Keri, a retired actress.

Aside from statements by several politicians, meaningful information about the case first surfaced in April, when the Hungarian Socialist Party (the MSZMP's legal successor) revealed that in all, according to its own internal investigation, the dollar equivalent of about 404 million forints had been remitted to the solidarity fund in Moscow between 1960 and 1987. On the basis of available documents it also disclosed that the Hungarian National Bank had converted the money into dollars, which then left the country under a foreign-exchange permit. But so far it has not emerged who had made the decision to remit the money, or even who had known about it. The Socialists, too, are maintaining their silence about it, allegedly at the request of the prosecutor's office.

Regarding personal involvements, the only thing that seems certain for the time being is that it was Matyas Szuros who in 1988 put a stop to the transfers and that—discounting rumors—at most only a few of the top leaders of the former MSZMP could have known about the whole affair. Indeed, in a political sense, probably Janos Kadar himself "administered" so-called solidarity finances. The prosecutor's office has questioned Janos Berecz, the former state party's last general secretary, among others. And Miklos Gaspar, the Christian Democrat representative who put a question about the matter to Prosecutor General Kalman Gyorgyi on 17 March 1992 in parliament, quoting information claiming that, among others, "Janos Berecz, Matyas Szuros, Gyula Horn, and Gyula Thurmer must have known" about the transfers.

All that in itself, however, is meaningless. After all, the prosecutor's office is investigating a felony of violating foreign-exchange regulations. In other words, the fact that someone knew about the transfers is sufficient to summon him as a witness, but hardly enough to indict him. The results of the investigation to date indicate that the money was transferred each year from the MSZMP's account, although Miklos Gaspar had expressed the fear that "very likely the money came from the pockets of the

Hungarian people, from the state budget." The work of the investigators in the prosecutor's office is greatly hampered by the fact that the old MSZMP had been receiving substantial state subsidies at the time, and in that sense the money could indeed have come from the state budget for that matter. That alone is not sufficient grounds to indict someone for a felony of violating foreign-exchange regulations (although, admittedly, it does not relieve the former MSZMP leaders of political responsibility, either).

The big question, then, is how strictly did the remitters comply with the regulations then in force, how did they account for the money, and did they actually obtain all the permits necessary for the transfers? In other words, was the manner in which the money left the country really illegal at the time? If it was, the perpetrators obviously will have to answer before the court—at least for the transfers during the 1980's, to which the statute of limitations does not yet apply—and they could face sentences of as much as eight years' imprisonment.

But the essential point here—just as in the case of "rendering justice"—is that the MSZMP was a state within the state (or perhaps more accurately, a state above the state), and the governments in office at the time of the transfers had not been freely elected governments. But that does not make every action and decision of those governments illegal, null and void, or unconstitutional (take your pick). After all, according to the Constitutional Court's ruling, even the change of political systems in Hungary "took place on the basis of legality and continuity" (HETI VILAGGAZDASAG, 7 March 1992). It is conceivable, therefore, that the entire project of remitting dollars could have been in compliance with the regulations then in force. In other words, it was proper under the political system that the majority of Hungarian voters rejected in the spring of 1990. However, that rejection does not provide enough grounds for criminal prosecution.

It is an entirely different matter, however, what the political costs of the "rolling dollars" case will be to the present MSZMP, which is hoping for a role in the parliament; or to the Socialists—as the results of mid-term elections and opinion polls indicate, they are just starting to rise from the low point they reached in 1990—whose two front men are constantly being mentioned in reports about the case. But the fact remains that it is established practice for like-minded political organizations to support each other, either directly or indirectly, and even when the supporting organization receives (also) budgetary subsidies in its own country. A large proportion of the present parliamentary parties likewise received financial support from abroad, not only from private individuals, firms and foundations, but from political parties and their international federations as well. During the 1990 election year—that was when foreign like-minded supporters were the most generous—the Alliance of Free Democrats received the largest donation from a political party (or party federation)—6.1 million forints from Germany's FDP [Free

Democratic Party]. But the Hungarian Democratic Forum, the Smallholders and the Christian Democrats also received smaller amounts. Probably the only reason why such an item does not appear in the accounts of the Social Democrats is that the Western sister parties supported Petrasovits and his followers mainly through the Social Democracy '89 Foundation.

Environmental Committee Rejects Minister's Report

93CH0015D Budapest FIGYELO in Hungarian
17 Sep 92 p 5

[Article by G. B.: "Who Protects the Environment?"]

[Text] With 11 "Nay" and seven "Yea" votes, and with two abstentions, the Environmental Protection Committee of the National Assembly rejected the Environmental Protection Ministry's report on its past performance. Several times, the large delegation from the ministry headed by Minister Sandor K. Keresztes found itself in uncomfortable situations under the cross-fire of questioning.

It appears that the ministry has fallen farthest behind in developing overall legislation for the protection of the environment and natural areas, even though in the absence of such laws it would be difficult to bring the economic transformation to par, or at least close to environmental protection standards customary in Europe, which could reasonably be demanded in Hungary. At the same time the legislative proposal concerning "the protection of the environment" is being developed under romantic circumstances because by now, two different concepts must be molded into one. Fed up with delay at the ministry, the Environmental Protection Committee requested Professor Andras Sajó to prepare the plan. But the ministry did not like his perceptions, and thus there came about the KTM's [Ministry for the Protection of the Environment and Nature] own, alternative proposal. At this point a proposal developed from the mixture of both could be presented to the parliament, although there are doubts about scheduling the legislation within the already tight legislative agenda this year.

The ministry has undergone three reorganizations in the course of two years. After removing water resource management from the ministry's purview, and after adding building construction, the ministry is presently "making official" its functions by establishing the four large areas of competence (environmental protection, nature protection, area development, building construction) as individual units.

Reorganization might produce the benefit of enabling competent officials at the ministry to respond to questions raised by MDF [Hungarian Democratic Forum] Representative Lajos Zsebok concerning expenditures and the breakdown of financial resources. And a new set of organizational and operating rules could also replace

the obsolete rules—the lack of which had been complained about by the representatives.

Janos Pap (FIDESZ [Federation of Young Democrats]) condemned the ministry's legislative development activities. Only one legislative proposal was presented to the parliament in the course of two years, and even that pertained to fuel fees. In addition, the ministry made three attempts to remove an important nature protection agreement, the Ramsari Agreement, from the Hungarian legal system, but those efforts failed in the face of resistance manifested by the committee. The unsatisfactory legislative development work could create a number of emergency situations. For example, it would be very important to have legal provisions concerning environmental impact analyses, because short of such analyses, technologies and products already cast out by the West could freely enter Hungary, at least in theory.

The ministry was unable to incorporate even the most fundamental environmental safeguards in proposals advanced by other ministries. Thus, the cause of protecting nature had suffered a sensitive loss as a result of amendments to the compensation law. And as a result of that failure, environmental protection considerations could not be enforced with respect to large state investments or programs tied to the issuance of a permit by the state, such as the Expo, the Southern Highway, or the matter of providing subsidies to, or settling the taxation issues of firms manufacturing base materials that produce heavy contamination. That is how environmental protection oriented tax benefits were discontinued while other forms of subsidies were not developed.

In any event, the ministry is going to be able to prove itself in the near future: Although it could no longer involve itself in the energy concept already before parliament—it could, at best, support amendments to the energy legislation offered by individual representatives—it could enforce environmental interests in the development of legislation concerning water resource management, forest and wildlife management.

One cannot avoid mentioning the Bos dam issue in evaluating the ministry's activities thus far. We will never learn to what extent Slovak builders were encouraged by the delaying game that had evolved around the termination of the Bos agreement or the dismantling of the Nagymaros dike. It is totally incomprehensible why the environmental protection minister is the one who mentions the concept of a "technical compromise" most often? It is he who should clearly point out the fact that from the standpoint of Szigetkoz it makes no difference whatsoever where and in what way they transfer water into the Bos service channel, and that the compromise must aim to find a way to divide the financial burden and technical contribution resulting from restoration and the establishment of alternative energy resources between the two parties to the agreement.

At the committee hearing, Minister Sandor K. Keresztes justified the modest performance of his ministry by

mentioning its miserable financial situation. The truth is that the KTM is managing with the smallest budget of all the ministries. In the course of debating the budget law the committee tried in vain to increase the ministry's funding, the parliament, and thus also the minister voted in negatively. Mihaly Raday (SZDSZ [Alliance of Free Democrats]) complained about the latter situation: At a time when members of the committee "sweat blood" trying to provide resources for the ministry, the minister could have at least abstain from casting a vote. The opposition representative considered it outrageous that in this financial situation the KTM surrendered its claim against the KHVM [Ministry of Transportation, Telecommunications, and Water Resource Management] for the payment of six months of interests on 232 million forints.

In the background of all these fiascos we find the ministry's small political weight and a consequently

weak ability to enforce its interests. In that regard the relief of state secretaries directing the professional aspects of work does not help. (Thus far the ministry has "consumed" two environmental protection deputy state secretaries and one administrative state secretary, and the departure of the second administrative state secretary is expected as a result of separating the environmental protection and water resource management regional functions.) Only a "stronger" minister could improve the situation, for example, by manifesting more courage in supporting public opinion that is becoming increasingly friendly to the environment in response to more forceful actions taken by environmental movements and the populace, a minister who would be able to enforce a principle within the government, too, notably the fact that the Hungarian economy is going to be able to lift itself up only if that process is not accompanied by devastation of the environment.

Public Comprehension of TV News Deemed Low*93EP0009A Poznan WPROST in Polish
No 39, 27 Sep 92 pp 30-31***[Article by Kazimierz Pytko: "Public Forum"]**

[Text] The findings of the Center for Research on Public Opinion indicate that the evening "News" is watched by 60 percent of the adult population and this indicator does not vary, in spite of political frenzies and standstills. As much as 80 percent of TV viewers have contact with news programs at least once a day. These results are twice as high as in any western nation.

Involuntarily, the argument then arises about the Polish hunger for information. How can one reconcile this with the universal despondency towards politics—also indicated by all the findings? Is the simultaneous occurrence of two tendencies—the interest in politics and the rejection of it—so incompatible with one another a manifestation of social schizophrenia?

The director of the Center for Research on Public Opinion, Jacek Szymanderski, explains the said paradox, observing that people do not so much have enough of politics as of politicians. This observation is supported by the experiences of the Center of Audience Communication, which receives more and more requests to replace politicians appearing in programs with experts and scientists. It is difficult to imagine that this wish resulted from a growing demand of viewers for "learnedness." It is rather the result of the conviction that there is one truth, one truly correct opinion.

This conviction is becoming a relic (unfortunately, seldom seen in the decommunization fervor) of a past era. The "communist transfer" had to convince the recipient that there exists a final opinion, which the government reveals to the working classes. The "democratic transfer" has to break with tradition and shape the conviction that there are no opinions that are the only correct ones, but there are various political arguments.

How ever many arguments, that many options—this is the basic principle of democracy, placing completely new challenges before the political elites. In totalitarianism, there really was a single truth—"ours" or "I," in democracy, there are only views. It is necessary to convince people of these views.

This requires a different outlook on society, on the means of mass transfer, and finally, on the politicians themselves. For the present, the elites are concentrating their own attention primarily on the second of these elements. We have already survived a war over the press and several battles over television. For even a fairly shrewd politician must appreciate the role of a 60 percent audience. It is harder for him to understand that whatever he has to say must reach the recipient.

Tomasz Goban-Klas observes that barely 20 percent of those viewing news programs fully understand their

content. Jacek Szymanderski adds that newspaper audiences would drop by at least several dozen percent if weather and sports forecasts were removed from them.

The result of all this is that viewing indicators should be treated with great caution. Millions of people sitting in front of TV sets constitute a more potential than actual audience of the politicians. Thus, those who consider that the most important thing is "to be seen" may be right. The results of the findings of the Center for Research on Public Opinion are that over 85 percent of viewers managed to identify and properly associate the absolutely incommunicative Leszek Balcerowicz and Jacek "seizing-contact-with-everyone" Kuron with their functions. Less often appearing on the screen, but still surely no less important, the minister of internal affairs was already a nearly indistinguishable figure. Of the three nominations submitted last year, 22 percent of those polled chose Krzysztof Kozłowski, 14 percent chose Henryk Majewski, and 10 percent chose Janusz Lewandowski, but as many as 54 percent said, "I do not know." Barely one out of five associated such a seemingly known figure as Janusz Korwin-Mikke with the Union of Real Politics, whereas 70 percent said "I am not familiar with who he is and whom he represents."

In light of the above observations, does the three-year-old discussion about the government's information policy then make any sense? The educational level of our society is generally known. Moreover, no school has instructed people who are adults today in the typical concepts of market economy and democracy. The key words repeated to the point of boredom—shareholding company, privatization, pluralism, restructurization, the market—are incomprehensible. And it does not seem possible to find such a method of drafting political announcements so that they would be accessible to all.

The only thing that can be done is to cleanse the language of the excess of incomprehensible words and grammatical complexities. Tomasz Goban-Klas points to the different approach to the communicative nature of transfer in the European and Anglo-Saxon cultures.

The former does not attach greater importance to clarity, and relies on the conviction that whatever is too clear and simple is, at the same time, shallow. The Germans and French, who focus additionally on the beauty of style, have gone the farthest in this direction. The Polish culture is firmly rooted in the European tradition, and has been enriched in past years by the "florid style" of the new communist speech. This is why there are so many epithets and obstinacies and so little persuasions in our politicians' language. An inflexible persistence dominates in their reasons and complete resistance to the arguments of their opponents.

In the Anglo-Saxon culture, clarity of transfer is valued above all. Therefore, opinions are brief, acronyms are avoided like fire, and you are continually reminded who is who and what he is doing. For example, it is not said "Lawrence Eagleburger met with Lech Walesa," only

"Secretary of State Lawrence Eagleburger met with President of Poland Lech Walesa." There are no exceptions to these rules. Ronald Reagan mastered to perfection the art of "conversation" with the public. His speeches were always precise, simple, and built on hard-to-forget slogans, with the famous "evil empire" in the fore.

Obviously, not everyone understood Reagan either. But each transfer must be addressed to a defined group of recipients. There is no universal news bulletin. The whole art is based on the proper selection of this group and the skill to extend it to the maximum. Jerzy Urban, hailed as an example of a skillful spokesman, understood that well. His speeches were addressed primarily to people demanding "scandal." And who, if not journalists and readers of the western press, hunger for it more? The skillful selection of recipients brought it about that, in war time, the West quoted not only the opposition's representatives, but also the government spokesman. And, as it were, "on occasion," these opinions also acquired recipients within the nation.

Jacek Szymanderski accurately observes, however, that there are no demands today for mobilizing the so-called masses by means of the word.

Such a demand existed in totalitarianism, which required general enthusiasm for the destruction of traditional social structures. Democracy requires a levy in mass only in extreme situations, when the existence of the state and society is threatened.

Copying foreign models is also dangerous. Tending towards simplifications, the American culture causes recipients of news bulletins to react to witty slogans in accordance with the authors' intention. It is different in the European culture. It is worth remembering what became of the "strength of peace" or the motto, "know the strength of your money"—they permanently entered the repertory of cabarets. Even worse effects result from inefficient copying. No American politician will allow himself to make promises impossible to deliver. If today George Bush lures Polish emigrants with the promise of creating a free trade zone with Poland, Czechoslovakia, and Hungary, then he immediately adds that he will do this after obtaining Congress' approval. If he does not meet his obligations, he will have someone to blame. In Poland, pledges of seven million pensions or half a billion credits for unemployment are made without concern for their feasibility. And the recipients—or 80 percent of TV viewers who do not understand the context of the news—take the promises very literally. And they inundate editorial offices with questions about what to do in order to obtain this money.

Also a threat to the political class is the incessant soaping up of concepts, which are not only not understood, but constantly redefined. An example of this is throwing socialists and liberals into a bag marked "left," and Christian democrats on an equal par with national

socialists into a bag marked "right." Additional confusion is caused by effective conglomerations and neologisms such as "Catholefts," "Udecji" [a take off on the word "endecji," which referred to the national democrats of the 1930's; here, it refers to followers of the Democratic Union party, UD, and "Olszewiks," a reference to followers of former prime minister Olszewski]. Moreover, considering that already "familiar" words are losing their meaning (the kindly inspector [lustrator] checking the bookkeeping is now a hunter of communists, and so forth), and ever more numerous abbreviations are sliming the language (the conflict of the "eselde" [SLD, Alliance of the Democratic Left] with the "kapen" [KPN, Confederation for an Independent Poland], observed by the "zedchaen" [ZChN, Christian National Union]—as it is heard on television), then the average onlooker has the right to not understand anything. Politicians and journalists speak from the screen in the same language that they argue in among themselves. In effect, they speak ever more often only to each other.

Commentary on Need for Professional Army

92EP0683A Warsaw POLSKA ZBROJNA in Polish
8 Sep 92 p 4

[Article by Stanislaw Lukaszewski: "A Professional Army or Conscription"]

[Text] It is said that we can have one of two armies: our own or a foreign one. Obviously, it is better if a country has its own army, and a strong one. A long time ago, someone said that a country is powerful if it has weak neighbors. Once we had four such neighbors, but soon, after the separation of the Czechs from the Slovaks, we may have eight.

The configuration of the part of Europe in which Poland finds itself has changed somewhat. We do not yet know what relations will develop among the neighbors. What is certain is that, instead of one superpower, we have four countries—Russia, Lithuania, Belarus, and Ukraine. What does this mean for politicians? It means that we must make friendly contacts. What does it mean for the military? It always means the same thing, that every border must have a strong defense. That is the job of the military.

Who will defend the country better than an army? This traditional army, mainly soldiers in basic military service, or a professional army? To what extent can we count on territorial defense in case of a threat? Ever more frequently, there is talk of need, absolute necessity, and an obligation to defend one's heritage. The discussion of Army reform and the response to the question as to what kind of army are reduced to...financial conditions. If we had the funds, we should create a professional army, highly professional. But not having the funds, the matter is limited...to discussion. To the extent that an exchange of views is valuable, it should in the end produce some suggestions.

From national interest and from the need to assert our reasons of state, it follows that we should safeguard our borders uniformly with all of our neighbors. Our crystalizing national doctrine assumes preparation for repelling every eventual aggression, regardless of the direction from which it comes. But the question again arises: What kind of army would be able to counter eventual threats?

Certainly, it should be a highly professional army. Such an army would best be organized on the basis of high professional training. Our financial possibilities cover about a 50:50 ratio. This means that half the soldiers will be professional and half will be basic service. It seems that our equipment—not of the highest class—favors the same ratio. The newest equipment in the world requires that persons with well developed and fixed habits operate it. For example, a soldier with basic military training cannot be trained to be an operator of ground-to-ground or ground-to-air rocket launchers. He must be a specialist with at least several years of practice.

As far as we can hear in Voivodship Military Headquarters, we now lack conscripts. We search with a candle for Army candidates with secondary educations, who might be directed to rocket, radio-technical, or aviation Army units. Certainly the anti-air defense and other specialties need recruits with secondary school certificates. Today, even sappers do not use only simple equipment. Technology has invaded every branch of the military. Thus, recruits with secondary educations are urgently needed, and their shortage is felt by the Army.

A special matter is the fitness of our youth. On the whole, they are physically weak, with little fitness for service work. Their psychological condition is also poor. How can a good soldier be made of such a young man?

Perhaps it would be easier, despite the financial deficiencies, to concentrate attention and effort on making the Army professional. To be a professional soldier is a matter of choice—one's own, not forced. More can be demanded of a professional soldier. But no one has yet really computed whether a professional army is more costly or less costly than an army of conscripts. Opinions, which have multiplied for quite a few years, are not based on reliable estimates. There are those who assert that a professional army may cost the public less than one based on universal military service.

Everywhere in the world there is a trend toward professional armies. But societies are not really set on what kind of armies to have. Certainly they would prefer not to have any. But to have none is impossible. It is sufficient to look at local armed conflicts—in the former Yugoslavia and on the territory of the former Soviet Union.

There seems to be no turning away from the trend toward a professional army. The only thing is to take that road cautiously. To be a professional soldier—if we choose professionalism—means to undertake the work of taking orders, a certain risk, but also to want to know as much as possible, to have high skills, a sense of a

certain mission to accomplish. This must be paid for. The military profession must become more attractive than it has been thus far. And from all aspects. A professional soldier involved in service cannot always be thinking of how he can make something on the side. His concern must be to attain an ever-higher degree of expertise.

The prospect of a professional army, smaller in numbers and at the same time more effective in case of threat, is slowly becoming more and more real.

A return to a massive army that would help allies march somewhere beyond the Pyrenees will no longer exist. That time has passed, with no possibility for its return. International conditions are different now.

We must, however, remember that a professional army by itself is still not enough. Such an army would not ensure an effective defense of the country. It must have reserves. A civil defense properly organized, as needed, is this indispensable reserve. If, therefore, in other countries a young man capable of military service can have in his home a military uniform and equipment essential in case of threat, why can't we? If somewhere else a society feels a deep need to protect its heritage, why not in Poland? There is much to be done in the matter of raising consciousness of the obligation with respect to defense matters, but this cannot be done primarily by the military.

The military must train and, taking circumstances and the means available into account, reform itself as necessary. But do we have a basis for talking about ensuring the security of our country? Yes, if the Army will implement its reforms in time of peace.

The fact that changes are being made under conditions of great economic difficulties and social pressures also affects the military. The military does not live under a bell jar.

In reforming the defense forces of the Republic of Poland, a significant leap is required today—in ways of thinking, in making decisions. The staff always awaits such a perceptible and obvious turning point. Actually, the acceleration of making the Army professional is universally accepted, but it seems that we were awaiting this decision. The ratio should be 50:50. Can it be otherwise? France has a 50-percent professional Army. The U.S. Army depends 100 percent on volunteers. That Army passed its test in the armed conflict with Iraq, but, in that volunteer Army, the degree of professional training was high. What then was decisive in the lightning victory? Self-discipline, the will to fight a winning battle, and confidence in one's own strength and potential. And the potential was practically unlimited.

Returning then to our own little bailiwick. Perhaps it is not worthwhile to break down the universal unwillingness of young people to volunteer for basic military service. In a situation in which we have ever more volunteers to higher officers schools, schools for ensigns,

and training centers, perhaps it would be worthwhile to concentrate specifically on volunteers. A volunteer can be a good soldier. Experience shows that. And certainly we are all dependent on a good army.

Moving into an integrated Europe, it is worthwhile for us to find ourselves there with a proficient, professionally trained army. Certainly we would feel better about ourselves.

According to the Vienna agreement, the reformed permanent armed forces will number approximately 250,000. This pertains to land and air forces; naval forces were not a subject of the Vienna discussions. Therefore, there are 250,000 jobs in the Army. Will we entrust national security to the professional military or to young people with a universal obligation?

Liquid Fuel Sector To Be Restructured

93EP0022B Warsaw *RZECZPOSPOLITA* (Economy and Market supplement) in Polish 12-13 Sep 92 p 1

[Article by Anna Wielopolska: "The Fuel Sector: Two-Month Restructuring"]

[Text] The Council of Ministers has approved a compromise proposal reconciling two concepts drafted by the Ministry of Industry and Trade and the Ministry of Privatization. The adopted program opens the road to privatization, although its accomplishment still requires many additional studies and analyses.

The CPN [Petroleum Industry Center] will be transformed into the Polish Petroleum Company, a Treasury-held joint-stock company. It is to lease 40 percent of the CPN's gasoline stations, storage depots, and means of transportation, used to establish the PHDP (Enterprise for the Wholesale Distribution of Fuels), and own undefined shares in refineries. It is expected that these will be primarily the two largest refineries, in Gdansk and Plock.

The compromise between the two ministerial concepts consists in abandoning the proposal of the Ministry of Industry and Trade for transferring to the refineries some of the CPN's gasoline stations. The vertical integration of the sector will be, on the other hand, pursued by consortiums owning shares in refineries and in a network of gasoline stations. First, the shares in the refineries will be sold. Only after the consortiums are established—the Ministry of Privatization assumes that many investors are interested in the two refineries and that, ultimately, they will be managed by several shareholders—the stage of selling the retail network will set in. That stage will be organized on the basis of unrestricted bidding, though on maintaining preferences, such as the right of preemption, for the parties investing in the refineries. Such a program is dictated by the desire to attract investors to Polish refineries, which by their nature are less attractive than the retail market. At the same time, the idea of unrestricted bidding is intended to maintain the actual price levels.

The most important problem of the restructuring is the refineries. They all are to be transformed into one-person Treasury companies, and, for two of them, there is a chance of rapidly selling shares in them to big oil concerns, which have long since been negotiating on this subject with the Polish side. A problem will arise once, side by side with the financially weak Polish Petroleum Company, which is to retain a 25- to 45-percent share—the question still remains open—there appears a rich investor, the owner of, say, a 30-percent share. Of course, the Polish Petroleum Company (PKN) will be unable to match the investment outlays of, for example, Total or Shell. The imbalances in the capital invested by the discrete shareholders in modernizing the refineries may culminate in a recommendation to reduce the shares held by the PKN. To prevent this, the Ministry of Privatization is considering the possibility of guaranteeing for the PKN a so-called golden share, bearing the deciding vote. The question of what rights should be reserved for the PKN (production, imports, and so forth) remains open.

The program adopted by the Council of Ministers does not define more precisely many problems; they are to be considered by an especially formed task force. The whole of the sector's transformations is to be directed by the minister of industry and trade. On the other hand, the Ministry of Finance was placed under the obligation of presenting detailed rules for the operation of the financial-economic system, which should allow for, among other things, the regulation of licensed imports. In addition, the criteria for selecting the gasoline stations to be left within the PKN and those to be sold have yet to be worked out.

The ways of maintaining the output level of the refineries have not been defined more precisely; the program merely points to the need to include in contracts with foreign investors such terms as would preclude reductions in domestic refinery output and the substitution of domestically produced fuels with imported ones. The problem of the obligations to be adopted by investors is similarly accented.

The breakup of the enterprises of CIECH [Import-Export Center for Chemicals and Chemical Equipment] has yet to be considered. These enterprises, which have been achieving a substantial profit, include Petrolimpex, which purchases crude petroleum on the stock exchange in Rotterdam and is perhaps the most attractive morsel.

The ownership transformations are to take one and a half to two years, according to the Ministry of Privatization. A transition period to last until 1996, during which maximum prices for the sale of the related enterprises will probably be binding, has been designated.

The National Section of the Trade Unions of CPN Employees last Friday issued a declaration of protest against the exclusion of trade unions from the preparations for restructuring the sector. The declaration refers

to the mandatory procedure for consulting the work forces about any structural changes. Minister of Industry Wacław Niewiarowski declared that the government side is prepared for such talks and can undertake them at any time.

Trade unions may be disturbed by a clause of the Pact on the State Enterprise, which excludes the petrochemical branch from the distribution of shares in privatized enterprises. According to that pact, 10 percent of shares in an enterprise is to be distributed gratis among its employees. Under the currently binding regulations, agents and employees of the CPN will not be eligible for these shares.

Difficulties in Obtaining Housing Viewed

93EP0010A Poznań WPROST in Polish
No 39, 27 Sept 92 pp 48-49

[Article by Aldona Lukomska: "Bratkowski's Two-Step Program"]

[Text] One of the most surrealistic dreams of Polish politicians over the last few decades—that housing is available and there are no buyers—has come true. In the Gocław-Airport housing quarter in Warsaw, 1,800 families were to receive apartments this year—only half came to take them. Each day the board of the Natolin Housing Cooperative receives several resignations. The Teachers Housing Cooperative is selling 50 apartments, in a block completed this year, on the open market. The cost per meter is over 8 million zlotys [Z]. Those who long ago lost hope of ever having a place of their own are now being surprised with offers to "jump the line," provided they have the equivalent of 20 percent of the price of the apartment being offered. Sometimes it is possible to enlist the help of the entire family and raise the necessary sum, but more often than not this is impossible.

Deputy Tadeusz Bilinski calculated that after the 15 February law lifting the previous credit freeze went into effect, about 60,000 families waiting for housing were "knocked" out of the line. Because what they have to do now is pay an additional Z60 to Z160 million "entry fee."

"Tell me, who is crazy here?" yells an agitated 40-year-old at the woman in the cooperative office. "Is it those who pay me a salary of Z2 million a month, or those who are demanding Z8 million a meter for an apartment?" He shows the figures he received. It is true that the cost of building one square meter is only Z3.5 million, but it costs over Z5 million to service the credit that the cooperative drew for this purpose.

The Housing Situation in Poland

Twenty-five percent of the population lives in places where there are more than three people per room, 28 percent of the population lives in places where there are

two to three people per room, 27 percent of the population lives in places in which there are one to two people per room, 5 percent of the population has several rooms per person.

"When I was taught the 'bad' economics, I was told that interest over 12 percent was usury. Now I know that it can be otherwise, but this in no way changes the fact that until the interest rate on credit drops to the limit of what was once called 'usury,' there is no chance that the situation in housing construction will improve," says Zbigniew Bachman, director of the Chamber of Industry and Trade for Producers and Sellers of Products for Construction.

Mortgage credit (half of which is financed by the World Bank), an anticipated boon, also changed nothing. The editors of the weekly PROFILE calculated that the annual interest rate on this credit is over 80 percent. It is no wonder there are no takers.

Thus the fact that this year about 100,000 apartments will be built (almost half as many as five years ago), should really be regarded as a miracle. The miracle of making something out of nothing. Because there is nothing in the pockets of those who are waiting for housing, and the state treasury is even emptier, yet some building is going on. How? The only rational answer is: out of momentum!

But the momentum will not last long and if nothing changes in the way construction is being financed, the size of housing construction will shrink down to the ability of society to pay. In other words—housing will be only for those who can pay cash or buy at high interest rates.

The new minister of construction, Andrzej Bratkowski, who himself has been living for years in a 40-meter apartment, the father of two adult sons for whom he made payments into housing passbooks for 18 years—passbooks that today are worth little more than the paper on which they were printed, tries to be consistent. The idea is that the construction "startup" should proceed in accordance with the principles of a market economy. In other words, nothing is free, or even half-free. The state participates in the whole thing like a good uncle, who, for a while, forgives the taxes. But all of us will pay for everything else.

And it will be especially those who have been able, until now, to take care of this whole matter at the least expense to themselves, i.e., the tenants of municipal or factory housing. Right now rents in these types of premises are scarcely 20 percent of their real value. Bratkowski suggests, therefore, that this problem be solved first, and that the money obtained be designated for housing credit. That would be a beginning. Then the interested parties themselves should get into the act and for a specified time—certainly no less than five years—set money aside in a special housing account, agreeing that the account will draw interest at a lower rate (about 10 percent). When they have a sum equal to

40-45 percent of the value of the housing, they will then be able to apply for inexpensive credit to a savings and loan bank, established specifically for this purpose. Then it will be the state's turn, the role of which will consist in granting these banks exemption from taxes. Assuming that these will be nonprofit organizations (and only they can count on financial aid), the interest rate on a 15-year loan would be 10-15 percent per annum. Those are terms which today about 25-30 percent of the families waiting for housing would be able to accept. The others would have to rent municipal housing, paying normal rents.

Number of Housing Units Per Thousand Persons

Poland	289
Austria	431
Czechoslovakia	380
France	460
Hungary	370
Germany	450
Great Britain	402
Bulgaria	380

The second step of Bratkowski's program is municipal construction, which should provide housing to the poorest people, those who do not have money with which to buy their own housing. Bratkowski leaves the problem of municipal construction to the local authorities. The success of the experiment will depend on their thriftiness and foresight. But first we have to give the local authorities the necessary powers and a lot of freedom in establishing building funds, issuing municipal bonds, fixing special taxes, etc. The state treasury should gradually transfer land it possesses to the territorial self-governments. This would be an excellent "collateral" capital in the case of municipal bonds, for example.

But programs are useless if we continue to build as badly, as expensively, or as long, as theretofore.

It takes two years to build an average apartment building now, and up to three years to build a one-family house.

The money, frozen for this period of time, which comes from the horrendously high interest rates, makes our simple M-3 and M-4 premises equivalent to the worth of large, elegant apartments. It will probably be a long time before we give up our expensive and nonfunctional "big slab," but the more efficient one-family construction may turn out to be our salvation.

Living Space That Can Be Purchased for Average Salary (1991)

Poland	0.4 m
Austria	1.5 m
Finland	1.0 m
Germany	1.6 m
Sweden	2.5 m
Hungary	0.5 m

At the BUDEXPO Permanent Construction Exhibit in Warsaw on Bartycka St., one can see that many private firms are offering to build a decent one-family house for Z3-4 million per square meter, i.e., exactly half of what a "big slab" costs. Furthermore, such a house can be built in no more than three months, and sometimes even less. But there are no orders!

Approximately 330,000 one-family houses are being built in Poland at this time. Most of them are several-year projects, based on traditional technology, and very, very expensive. What is most difficult, it appears, is changing the mentality of the investors.

"In Poland a one-family house has to last for centuries. Yet throughout the world, houses are built with the idea that they will last about 50-60 years, and this costs many times less. If we continue to use bricks, concrete, steel, parquet flooring, terra-cotta, and traditional plasters, soon only millionnaires will be able to afford to build," says Zbigniew Bachman.

The news that in Poland one-third of the city families and almost one-half of the rural families do not have a place of their own is an incentive to foreign investors. Flocks of Western entrepreneurs pass through the offices of the ministries and local authorities. They are all ready to give us "immediate" assistance in solving our housing problem. But after the initial talks they lose their enthusiasm and very soon they leave. There is a shortage of land on which the ownership status is clear, but most of all there is a lack of money, nor even a guarantee of credits with which the Western firms could begin to build.

The building-boom enthusiasts have easily figured that every zloty invested in housing construction produces a market demand equivalent to five zlotys. Why then, they ask, has no one thus far not attempted to think about construction as being a locomotive which can pull the economy out of the recession pit? Instead of reducing the indebtedness of the industrial giants—who will not gain much by this anyway—why not designate this money for construction? The argument being put forth that this would cause another inflationary spiral, can be refuted by saying very briefly that we must make a choice. Right now, as the growing hole in the treasury shows, it is precisely the recession that is generating inflation.

Analysis of Party Nominations for President

93BA0084C Ljubljana DELO in Slovene 13 Oct 92 p 2

[Article by Vinko Vasle: "Analysis of the Presidential Candidacies to Date Indicates Different Goals"]

[Text] *Party maneuvers with the timing for announcing a candidate; presentation of candidates with different slogans; what the unknown and ill-famed names in Slovene politics mean; the elections to the State Assembly are more important than the presidential ones.*

Ljubljana, 12 Oct—Some of the smaller opposition parliamentary parties were months early with their presidential candidates. The first move was made by the People's Party, and as early as 28 June, at its party congress, it promoted Dr. Stanko Buser, and on 9 July three opposition parties (in addition to the People's Party, the National Democrats, and the Liberals) had designated their presidential candidates.

At the beginning of September, the Christian Democrats revealed their trump cards with an innovation in our political life that is called a "party presidential convention." They were followed by the Socialists with Darja Lavtizar-Bebler, and today by the Democrats and Liberal Democrats, who "imported" presidential candidate Dr. Ljubo Sirc from London; on 23 October, the Social Democrats will also name theirs.

The speculations over how much which party is maneuvering with the timing of the announcement of its candidate, of course, are appropriate. The parties that were in a great hurry actually created trouble for their candidates—the media already wrote about them very early (in June and July), and now, just before the election campaign, those candidates who are being promoted by the parties these days will undoubtedly be more successful with the public.

In general, some parties have not invested too much effort, time, and money in any visible promotion of their candidates. Certainly so far the most successful ones in all of this have been the Christian Democrats, who, following the model of American conventions, left the choice of their presidential candidate to the party voters. The latter, after six conventions, have already decided on something: Ivan Oman has already dropped out of the Christian Democratic race. In six out of eight conventions he received a total of 27 votes, Andrej Capuder 129, and Ivan Bizjak 145. After today's party convention in Nova Gorica, the next to the last one, it will already be undoubtedly clear which of the remaining two will be the Christian Democrats' official presidential candidate.

The parties have promoted their candidates with different slogans. The Christian Democrats are talking about a "new man with a new name," who is supposed to be especially and completely different from Milan Kucan, who is also their most serious competitor. The Liberals and National Democrats have never been sparing about attacks against Milan Kucan, since they

prefer to describe him as a person from the former (communist) political establishment. Consequently, these two parties will certainly bring some of their party characteristics into the preelection battle, which means that they will settle accounts uncompromisingly and harshly with at least some of the opposing candidates.

The opposition parties will obviously only combine forces in the second round of the presidential elections, if a candidate from one of the opposition parties appears in them. It is still not completely clear, however, why Podobnik's People's Party decided on Dr. Stanko Buser, although of course it is not insignificant that all the parties also accepted the "presidential challenge" in order to promote their own parties during the campaign period. It is known, in fact, that the parties that had presidential candidates in the 1990 elections thereby gained a significant number of votes for the parliamentary elections as well.

An analysis of the presidential candidacies so far is interesting from several points of view. Several parties decided on candidates who are not exactly (the best) known names in Slovene political life, nor more prominent representatives of the parties that nominated them. It is obviously a tactical maneuver, in which promotion of the party candidate is actually supposed to help promote the party. Then we find several names that are rather ill-famed on the political scene and that will mainly be intended for blocking opposing candidates, and in all likelihood uncompromisingly discrediting them. The third type of presidential candidates demonstrates the serious intentions and expectations of several parties that their candidates have a big chance of succeeding in the elections. The parties obviously also designated their candidates in light of their expectations in connection with the elections to the State Assembly. That is why we do not find some of the more famous names among the presidential candidates—the parties are saving those names for the elections.

In spite of everything, one should not underestimate the presidential battles, since the victory of one candidate or another would not represent only a political gain and an investment in the future of the party he came from, but would also speak on a symbolic level about what kind of political option would "reign" in Slovenia—regardless of the significant constitutional restrictions on the position of president.

[Box, p 2]

It will be interesting to see what happens with the Greens in connection with a presidential candidate. First of all they intended to send their own candidate into the battle, and in this regard they were considering three names—Dusan Plut, Dr. Peter Tancig, and Dr. Bozidar Voljc. Judging by certain reports, they have given up on them, and have decided to "invite" their membership to support Milan Kucan. This may provoke a new "ideological" dispute among the Greens, since the party's

leadership also includes some individuals who are definitely inclined toward the present opposition and the former Demos [United Opposition], and it is unlikely that they would be willing to swallow an invitation to support a candidate who did not meet their standards without a major upheaval in the party.

Review of Slovene-Croatian Economic Disputes

93BA0084B Ljubljana DELO in Slovene 13 Oct 92 p 2

[Article by Peter Potocnik: "Good Relations Begin and End With Money"]

[Text] *Before today's visit by Dr. Franjo Tudjman to Slovenia; it seems that all the disputes are arising because Croatia is trying to shove Slovene economic relations into its own framework.*

Zagreb, 12 Oct—"I think that it is possible to solve all the problems, which are overinflated by both the Slovene and Croatian public, through patience, understanding, and the inviolability of the state borders of Slovenia and Croatia," Croatian President Dr. Franjo Tudjman stated before his visit to Slovenia. In the mere hour that we waited on Sunday at the Presidential Courts, as Tito's former Zagorje villa is now called, we were also able to hear that Croatia needs money desperately. As for that \$573 million in Ljubljanska Banka's obligations to Croatian depositors, allegedly the Bank of Slovenia has already collected enough foreign exchange to maintain the solidity of the tolar.

That is what Tudjman's information service thinks. The public media in both countries and official policy consider the beginning of the disagreements between Slovenia and Croatia to have been our neighbor's restraint and Mesic's and Tudjman's objection to the withdrawal of what was then the JNA [Yugoslav People's Army] from Slovenia after the 10-day war. Relations began to get complicated with 7 October 1991, when both countries achieved independence. Several days before this historic event, Slovenia discovered that the Croats were trying to undermine Slovenia's economic power with Yugoslav dinars that they had allocated to settle old debts. The governor of the National Bank of Croatia at that time, Dr. Ante Cicin-Sain, also introduced a sort of protection of Croatia's monetary space, which was accompanied by a statement from the deputy prime minister at that time, Dr. Zdravko Tomac, that the Slovene tolar would collapse in six months. Then the still unresolved disputes in connection with the maritime border, and later the land border, broke out.

One should not forget that the problem of Ljubljanska Banka's Zagreb branch and its Croatian foreign

exchange depositors was already marring bilateral relations in the time of the Manolic and Peterle governments, and the ultimate outcome is not yet in sight. After a heated meeting between Drnovsek and Sarinic, the Croatian Government extended by one month the operating license for the Zagreb Ljubljanska Banka, which had \$573 million in obligations to depositors at the time of independence; that bank, however, transferred \$368 million to other Croatian banks. Thus, all that was left in its balance was \$205 million in direct obligations to depositors, who, according to the Croatian Government's demands, should be treated in the same way as in Slovenia. Furthermore, they did not renounce a plan that Slovenia could not accept, namely, to have the \$368 million that was transferred to other Croatian banks become a Croatian claim upon Slovenia.

At the beginning of February, when Prime Ministers Lojze Peterle and Dr. Franjo Greguric signed the agreement on Slovene-Croatian economic cooperation, which the Croatian side has now rejected, it already seemed that we were at the first step in surmounting the difficulties and disputes in relations between the neighbors. Then, first of all in the HDZ [Croatian Democratic Community] deputies' club and later in the Croatian political leadership, a question was raised that has now received a one-sided, distorted answer: whether Slovenia, in view of the more and more apparent differences in the economic situation of both countries, was not perhaps "robbing" Croatia in importing its raw materials and exporting finished products. Perhaps it is precisely here that one should seek the reason for Dr. Franjo Tudjman's explanation that the Croatian side viewed the February agreement as a continuation of some sort of more favorable position for the Slovene economy in the former Yugoslav market. Even before this, in June, Croatia introduced high customs duties for imports of goods from Slovenia, whereas Ljubljana's retaliatory measure was considerably milder. The real background of the scandal over the forged tolar has still not been explained today, because it all ended up in classic crime, without political elements.

The chief problem is in the economy, even though Slovenia has become Croatia's most important foreign trading partner, since almost half of Croatia's exports abroad, the value of which amounts to about \$450 million per month, goes to the Slovene market.

Dr. Franjo Tudjman says that Slovene-Croatian relations will be completely normalized after peace is established in Croatia and in Bosnia-Herzegovina. The first opportunity is being offered to him with tomorrow's visit to Slovenia, when perhaps there will also be a realization that normal relations between these countries are a condition for their individual admission to the International Monetary Fund, the Council of Europe, and other international institutions.

German Business Loans to Returning Guest Workers*93BA0084A Ljubljana DNEVNIK in Slovene
16 Oct 92 p 4*

[Article by Alenka Brezovnik: "Possibility for Private Enterprise To Flourish"]

[Text] *The minister of labor obtained 10 million marks in a visit to the German Government; a favorable loan for returnees from Germany who returned after 1 January 1991.*

Bonn, 16 Oct—Minister of Labor Jozica Puhar, on behalf of the Slovene Government, has concluded an agreement with the Government of the Federal Republic of Germany in Bonn on financial assistance to skilled workers and managers returning from Germany in establishing small and medium-sized private enterprises that would contribute to improving the employment situation. We already reported that the German Government was supposed to contribute 5 million marks for this purpose, but the talks were more successful than expected, and the German Government decided to contribute a very favorable loan of 10 million marks to start with. The deadline for repaying the loan is 30 years, while Slovenia will not have to repay the loan for 10 years, and the interest rate will be 2 percent per year.

The German Government intends to send 5 million marks as early as this year—as soon as the agreement is ratified. The Ministry of Labor has successfully carried out its part of the work, and after signature it will be up to the Slovene parliament, which will also have to ratify the agreement. If blockades in the Assembly's work also occur in the future, there will not be any money this year. Of course, it will be hard to explain to the Germans why Slovenia is not interested in such a favorable loan. As we were told by Jozica Puhar, implementation of the agreement is in the hands of the deputies. In order to carry out the project, the Slovene Government will have to contribute an equal amount in tolar. The Ministry of Labor has already secured the money for this year's loan, and for next year the necessary funds would be included in the budget.

The Ministry of Labor intends to use the above-mentioned money to encourage returnees who came back after 1 January 1991 to establish or take over a private enterprise, or to invest the funds in existing enterprises with active participation. Financial encouragement can also be received by those returnees who perform management tasks in small and medium-sized business enterprises, and also in the comparable areas of service industries. The Ministry of Labor will invite interested returnees to participate, and also those Slovene workers who are still working in Germany will be issued the necessary permits and certificates for acquiring these funds and importing the material goods that they need to engage in their profession.

Applications will be gathered through the advisory network for entrepreneurship, employment institutes, and the Ministry of Small Business. The agreement will be in

effect for three years, but it will be possible to extend it for each year separately. The negotiations revolved most around the issue of exchange rate differences, but the delegation (which also included, in addition to Minister Puhar, Marija Skorjak, Alfonz Nabreznik, Vlado Klemenčic, France Krasovec, and Tanja Jenko), succeeded in having the principle of covering exchange rate differences left out of the agreement, and consequently they will not burden the end users of the loan.

The Slovene Investment Bank stock company in Ljubljana and the Deutsch Ausgleichsbank in Bonn are authorized to carry out the agreement. As we were told by the director of the Slovene Investment Bank, Vlado Klemenčic, it is the first really favorable financial loan by any foreign state to Slovenia, since the interest rates will be considerably more favorable for the end users than with the current investment loans. The German side is also interested in the success of the project, since it is a sort of model for financial aid for returning foreign workers that it also intends to use in other states. The authorized banks will verify applications by returnees who returned before 1 January 1991 that were submitted before this date, and report to both governments about this.

According to adviser Marija Skorjak, the Ministry of Small Business has gathered initial estimates according to which around 50 emigrants, who would need 5.5 million marks for their initial investments, are supposed to have returned to Slovenia. It has also already gathered some information on the interests of individual tradesmen, entrepreneurs, or farmers who have returned from Germany or still intend to do so, and are enterprising enough to establish their own business. The total amount of the estimated value of their investments amounts to about 18 million marks, and 31 candidates could obtain 4.5 million marks in loans. The conclusion of the agreement on German financial assistance is especially significant because last year Germany did not allocate any funds for us because of the changed political situation in Yugoslavia, and there is considerable interest in this high-quality loan.

Law Regulating Members of Parliament Discussed*93BA0055A Ljubljana DELO in Slovene 5 Oct 92 p 2*

[Article by Jana Taskar, Vojko Flegar, Bozo Masanovic, and Mitja Mersol: "The Representatives of the Populace Have Made a Soft Bed for Themselves in Parliament"]

[Text] *Deputies will be professionals, and consequently they will not engage in other work; "skipping" meetings is sanctioned; a male or female deputy who has 25 years of service when his or her term expires can retire.*

Ljubljana, 4 Oct—It will only be with the new elections that we Slovenes will get a new parliament, and thus also deputies in the State Assembly, which will be the state's legislative body. It is precisely for them that the Assembly recently passed a special law (in part it will also apply to the present professional delegates and other officials), since so far the status and position of delegates and all elected and appointed officials has been regulated by a single law.

The text of the law, even in the general provisions, talks about deputies who are the entire population's representatives in the State Assembly, and who consequently are not bound to any instructions in their work. The law provides that all future 90 deputies will perform their function professionally, and that is also the reason for the clause on conflict of interest, since deputies will not be able to engage in any other function or activity that is not compatible with the function of a deputy. A special position is already designated for candidates for deputy, since no one can hinder them from being candidates, and during this time no one can terminate their employment against their will or make their position worse; they have the right to up to 18 days of special unpaid leave to prepare for the elections.

A candidate acquires a deputy's mandate with his election, but only begins to perform his duties when he is confirmed by the State Assembly, on the basis of a report from all elected parliamentary groups of the mandate and immunity commission that has been formed. In the event that the State Assembly does not confirm his mandate, the candidate can appeal to the Constitutional Court, whose decision is final. A deputy's mandate can be terminated if he loses the right to vote, if he is permanently incapacitated for the performance of his duties, if he is sentenced to an unconditional sentence of over six months with a legally valid verdict, unless the State Assembly decides otherwise, if he does not cease within three months, or begins, to engage in an activity or function that is incompatible with the function of a deputy, or if he resigns.

The law, of course, also clearly specifies what comes under the conflict of interest clause. A deputy cannot be a member of the State Council at the same time, he cannot be a prime minister, deputy prime minister, or minister in the government at the same time, and he likewise cannot hold offices in state or local community bodies. He may not engage in gainful activities in which he could take advantage of his office, and he likewise cannot be a member of a supervisory board for an economic company. Only in special cases will the State Assembly allow a deputy, at the suggestion of a competent working body, to engage in business— independently or as an employee—and then for up to a third of a full working day at most.

According to the law, a deputy's duty is to participate in meetings of the State Assembly and its working bodies (it will not be possible to decline membership in them without a justifiable reason), and he will have to state reasons for any absence. An unjustified absence will be sanctioned by reductions in salary and other benefits. The law commits a deputy to keep silent about confidential information; the rights that deputies and groups of deputies have include proposing laws, a legislative referendum, an investigation of matters of public significance, a constructive vote of no confidence, an interpellation about the work of ministers or the government, an accusation against the prime minister or a minister, and

a discussion of matters of broader significance. Of course, we should not forget about delegate questions and initiatives.

The law also regulates the immunity of deputies, who cannot be punished for an opinion or vote in meetings of the Assembly or working bodies; and detention or criminal proceedings against them are not possible without the State Assembly's consent, except in the case of a criminal act for which a prison sentence over five years is prescribed.

Future candidates will certainly be most interested in their financial position, which the law also regulates. The starting point for calculating the basic wage will be the average wage in the economy, multiplied fivefold—of course, if there is enough money in the budget for it. The law also specifies that the starting point for the salary can be lowered by at most one-half. The deputies will also have bonuses that will depend on their functions in the Assembly, working bodies, and groups of deputies. The limit is at most 100 percent of the starting salary multiplied by a factor of five. For each year in office the deputies will get 0.5 percent but at most up to 20 percent; this, however, does not apply to female deputies, since for each year over 25 years in office they will also get an additional 0.25 percent. The deputies will also receive a salary while on leave, and also for the first month of absence because of illness; their performance of their duties will be considered employment, and this time will also be covered by social security. The law also cites other benefits to which the deputies will be entitled: reimbursement of expenses for transportation to work, reimbursement for food and leave, compensation for separate residence, expenses for a non-working day, for travel from the official residence to home, moving costs, and education costs; they have a right to anniversary rewards and compensation upon retirement. Of course, their expenses for official travel will also be paid, and they will also get a monthly lump sum, with which they will cover expenses for work in their electoral district. Their annual leave will amount to at most 40 days, and each year a deputy will be able to use up to seven days of special paid leave, and in exceptional cases 30 days of special leave. The parliamentary apparatus and information and documentation materials will be available to deputies for their work, and for each deputy, his group of deputies will also get a certain amount for the deputies technical assistants; each of them will have his own office with the necessary technical and administrative employees in his electoral district as well.

After completion of his term, a deputy has the right to return to his previous job or a related one within three months at most. If that is not possible, he has the right to receive an official salary until he finds other work, for one year, or two in special cases. A deputy who has 25 years of employment at the end of his or her term can also decide on retirement: For 25 years of work, the

pension will be measured in the amount of 70 percent of the base, and for each year over 25 it will be increased by 2 percent of the base pension, but at most up to 85 percent of the base. The difference between the usual pension and the above-mentioned one will be covered by the budget.

According to the transitional provisions, the current delegates in all three chambers and the Assembly officials appointed by the Assembly or its chambers can also receive the above benefits at the end of their terms. The same rights can also be exercised by the president and the members of the Presidency.

Causes of Conflict in Pljevlja Discussed

92BA1376D Belgrade NIN in Serbo-Croatian 21 Aug 92
pp 20-21

[Article by Petar Nesic: "What Is Happening in Pljevlja: Tell Me, President..."]

[Text] *Has life in the district in the north of Montenegro been stirred up because of clashes between local extremists, or is the Montenegrin prime minister, Milo Djukanovic, right when he mentions the possibility that actual officers of the Yugoslav Army are standing behind the ethnic cleansers there?*

Pljevlja, a Montenegrin district, borders on Bosnia, and that border is 140 kilometers long.... On the other side are Cajnice and Gorazde.

Buses are checked about 100 kilometers from Pljevlja, and especially from the provincial town. Combat vehicles are on the approaches to the town, and soldiers with machine guns are sitting in them. Buses go into Pljevlja and out of Pljevlja, driving a surprising number of women in mourning dress and children, refugees, from Croatia and Bosnia. On 17 August, while this is being written, there will be a rally of the Serbian Radical Party there. It is suspected that Dr. Vojislav Seselj himself will come.

High leaders of forces in specific (legal) uniforms of Montenegro, with a joking threat that they will shoot anyone who reports it, say that the strings of the unrest in Pljevlja are being pulled from another republic: "From Serbia. Ask Milika Ceko Dacevic what he did two days ago and what he was talking about with Seselj in Bar."

The important person in Pljevlja is that Milika Ceko Dacevic. He received this reporter in his white "Mercedes," Dacevic sat in front (there's a driver), drank beer, asked whether there was some Muslim in the car. "If there are any, they can get out immediately." Later, while the "Mercedes" floated toward the militia building in Pljevlja, Ceko said to the reporters (two more): "You are under arrest!" He was joking. He wears mourning clothes, and his leg is bandaged. He lost his brother in Vukovar.

From Vukota Scekic, newly appointed director of the Security Center, a complete description of the August rebellion was obtained. The official version.

The Description

Police patrolmen stopped the white "Mercedes" on 6 August. A certain Vukovic drove the auto. It was not possible to determine the origin of the vehicle, except on the basis of a statement given by Dusko Kornaca, president of the SO [Federal Committee] of Cajnice (Bosnia). "The auto was taken in, and the driver." The auto was held, the driver released. On 6 August, around 0700, "Milika Ceko Dacevic came to the security center on his own initiative. He said the car was his, and demanded that it be returned to him unconditionally."

The CB [Security Center], because of these and other circumstances, decided to hold Dacevic "for engaging in an informative conversation." At 1200 on 6 August 1992, the first group of citizens came to the militia station and demanded that Ceko Dacevic be freed. They were told that an informative talk was being held, and that "afterwards a decision would be made whether Ceka would be freed or kept." In the afternoon the citizens gather in the same manner so that there are 500 or 600 people in front of the Security Center by 2200 or 2300. "There were people from Pljevlja, from other areas of Montenegro, even from Serbia. And from the area of Cajnice." The informative talk with Dacevic was finished "under abnormal circumstances." Dacevic was released around midnight. The sixth.

On the same day, barricades were erected on all approach roads to Pljevlja. Trucks with round forms, buses. "Armed persons, numbering about 10 or 15, guarded them, and no one could enter Pljevlja without a close check." The unexpected guests had to leave their vehicles at the barricades and proceed on foot to town. Armed civilians at the barricades checked identifications, observed.... When Dacevic was "freed," firearms were fired into the air, and after an hour or an hour and a half, the barricades were removed.

A "work separation" was carried out on 7 August in the Security Center. Because of the events described, and "earlier mistakes."

Dismissed militiamen on 8 August in the morning, dissatisfied, protested in front of the CB building. Around noon they were joined by those "who expressed solidarity with the militiamen." Assembly members from the previous meeting (from Serbia, Montenegro, and Bosnia). Milika Ceko Dacevic again came to the CB and demanded that "new solutions be found" for the dismissed policemen, and that they remain in the service in the location of Pljevlja. Director Scekic "held a talk with Ceko and explained to him that this was an internal matter of the service." Ceko threatened that if it was not the way he ordered, "he would arrange a scenario that would be worse yet than the one on 6 August." Ceko gave the police a deadline of 1700 for this. All the dissatisfied individuals again gathered in front of the CB at 1700. Barricades were again erected, around the town, but "vital facilities in Pljevlja, the post office, the radio relay transmitter, the gas pump, the SO building" were also seized. (In the meantime, police workers "agreed" to a transfer from Pljevlja.) A talk was held in the CB building, which was attended by representatives of the MUP [Ministry of Internal Affairs] of Montenegro, the Army of Yugoslavia, and a group of citizens. The blockade continued until 9 August at 0300. Life in Pljevlja has been "flowing normally" since 9 August. "Only one explosion has been recorded." On the 14th, around 0155, the vehicle of a Muslim resident of Pljevlja exploded.

The Events

Members of the Special Unit of the federal SUP [Secretariat for Internal Affairs] have also come to Pljevlja in the last few days. There's no place for them to stay; the hotel is full.

Dacevic, born in Niksic according to the findings of the Montenegrin MUP, "spent four and a half months in Belgrade" before he came to Pljevlja. "He participated in battles in Foca, Cajnice, from the crisis headquarters in which he brought certain quantities of weapons which he distributed among the citizens." Scekic regrets that the MUP of Pljevlja has had trouble with these citizens; they threatened "authorized workers" with the weapons, physically attacked residents... "Certain legal measures" were taken.

Dr. Ljubica Djakovic, member of the ruling DPS [Democratic Party of Socialists] in Montenegro, council member in the district assembly and representative in the Republic and Federal assembly, a resident of Pljevlja, is not speaking about Seselj's party, of which Ceko is a member, "or with the favoritism, nor does she have anything against it." But, she thinks, "and Bosnia has shown this," that national parties cannot maintain peace "in these territories." Dr. Djakovic counts among the national parties in Pljevlja the SDA [Party of Democratic Action], the National Party, the Serbian National Renewal, and the Serbian Radical Party.

Djakovic "regards highly the fighters who went for Serbianism to Vukovar and everywhere. But suddenly they are strolling around Pljevlja, armed, and that is not necessary here. We have tolerated this. When shooting began all day long, when the exaggeration began, when the Muslims became quite afraid, we all remained; my party, the party in power, should have reacted sooner."

Every day wounded and "hordes of armed men from Bosnia, Serbia" have arrived. "For a while, after they arrived here, they forgot the help that this town extended to them, and they lost sight of the fact that they do not have the right to agitate us and that machine-gun bursts frighten anyone," the delegate says.

Dr. Djakovic spoke with members of the SPS [Socialist Party of Serbia] in the Federal Assembly in Belgrade. She asked them: "Do you respect the Army?" They replied: "We respect it." "Do you respect the MUP?" she asked. "We respect it," they replied. "I respect Ceko, Seselj's major," the doctor says. "That title was given to him by Boskovic, president of the SPS for Montenegro, and Seselj signed it." And Dr. Djakovic asked Seselj's men what major means under these circumstances. "They told me that he received the rank of major for exceptional courage, for the defense of Serbs in Vukovar."

Major of the Serbian Army, they say in the MUP of Pljevlja.

The Muslims

Muslims also live in Pljevlja. There are 17 percent Muslims. It is claimed, the Army and the police know this, that they are also illegally armed. But, none of them have shot in the town. For the most part. And they have recently organized some patrols (for self-protection). Already seen.

Ceko "suddenly" organized the return of weapons on 15 and 16 August in a coffee house in the vicinity of the place. His men. "Now the Muslims are also expected to do this." Ceko demanded that guards of the SRJ [Federal Republic of Yugoslavia] and the Army come armed only with sidearms to the agreed-on place for the radio transmitter of the MUP of Montenegro. To note the names of those present, not the number of rifles. Nor did he know how many weapons were being returned. And would be so. This strange occurrence was called "the spectacular surrender of the weapons." Everything was photographed for TV and the newspapers. And Ceko's lads, like the majority of Montenegrins and Serbs in town, spoke there about how the Muslims did not respond to the call-up, how they are also armed, "they're just hiding." "Perfidious," says one uniformed individual.

Up to now, from 1 January 1992 to 15 August 1992, there have been carried out in Pljevlja district "24 criminal acts of causing general danger through damaging others' property. And that through setting explosive devices in nine cases, setting hand bombs and shooting at others' property in seven cases...." Owners of the property attacked are "mainly Muslims." In one or two cases the owners of the property were members of a mixed marriage. During the investigation of these criminal acts, it was determined in one case that a Muslim shot at a Muslim's property. "Investigated up to today," in two cases the perpetrators of the criminal acts were from the area of Montenegro, and one perpetrator is from Serbia. Milan Paunovic, director of the administration of the Militia for Montenegro, thinks that the most intensive arming, illegally, has flowed since the beginning of the war in Bosnia-Herzegovina.

Perhaps the views of the highest state organs of the FRY [Federal Republic of Yugoslavia] at the beginning of the war have contributed to the complexity of the security of the situation because of various perspectives on the possible new borders in the remainder of Yugoslavia.

Paunovic thinks that what he's saying has been too disturbing, but it's a fact.

The Judgements

The Montenegrin opposition has its view of the Pljevlja events. And the government as well. Milo Djukanovic has reported that there are "indications" that a real force, the Serbian Army, officially, the Army of Yugoslavia, stands behind the gangs of bandits (according to MONITOR). Djukanovic said: "Numerous participants in the extreme policy of ethnic cleansing of Pljevlja of

Muslims have appealed for the support of representatives of the Yugoslav Army and specific officers."

Novak Kilibarda, president of the opposition National Party, explains in this way the statement of Prime Minister Djukanovic that some "officers of the Yugoslav Army" stand behind the paramilitary:

"It would be well to place in one series the statements of the leaders of the ruling (Montenegrin) party on the Army. They have called it a celebrated, powerful guarantor of preserving the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] Yugoslavia; on one occasion they have been proud that they have such an army, on another occasion they have called on active duty soldiers to return from the front...." Kilibarda thinks that Mr. Djukanovic is obliged, that since he mentions "some" military officers in collusion with the paramilitary, to say "which officers they are, which paramilitary they are. What Mr. Djukanovic and his party think about the Yugoslav Army! Tell us, president of the party, so it's not too late for us!"

The End

According to the 1981 census, the Pljevlja area had 10 percent Serbs; according to the recent one, 25 percent. Momcilo Bojovic, president of the SO of Pljevlja since January 1991, does not hide the fact that it was forbidden during the rule of the SK [League of Communists] to mention the existence of Serbs and their inclusion in the program of functions "according to the national key." It was said that the "political danger was coming from Serbia." Bojovic reported to Dobrica Cosic, who visited Pljevlja at the end of July with Momir Bulatovic, "that this is a question of tardy (Serbian) national romanticism, which is being demonstrated in a way that nobody likes, but we hope that everything will flow along new, clean paths."

Bulatovic then mentioned "the 80-odd young men from this area who are in 'green berets.'" Dobrica Cosic, commenting on the discussion of Hakija Ajanovic, president of the Islamic Religious Society of Pljevlja, said, among other things: "There are various ethnic formations, 'white eagles,' men with criminal and looters' impulses, who went out across the Drina, but I want to assure you that we will take all measures to disarm them...."

Cosic asked Ajanovic to assume his part of the responsibility "for the other side, which is doing evil both here and across the Drina...."

Sefket Brkovic, president of the SDA [Party of Democratic Action] in Pljevlja, did not explain in more detail why the local Muslims did not come out to the referendum on a third Yugoslavia. Bojovic, president of the district, says that the responsible services have no information, but also do not deny that the Muslims in Pljevlja went to the national referendum on the autonomy of the Sandzak.

Sefket Brkovic sent his children, twins, to Prijepolje. "It's another world there." He has no criticism at all of the activities of DEPOS [Democratic Movement of Serbia]. When asked how he defines the civilian interest, he remained silent. He thinks that the creation of national parties is a normal thing, in order for "relations in the overall plan" to be resolved. Which plan is that? He said something unclear.

FRY War Crime Commission Officer Interviewed

93BA0102A Belgrade BORBA in Serbo-Croatian
16 Oct 92 p 11

[Article including interview with Dr. Milan Bulajic, secretary of Yugoslav State Commission for War Crimes and Crimes of Genocide, by Borislav Solesa; date and place not given: "We Are Not a Divine Nation"]

[Text] A crime is a crime, regardless of who committed it, whether it is perpetrated against Serbs or whether it was Serbs who did it; the people must be told the truth, and that cannot be from the viewpoint of any nationality.

The secretary of the State Commission for War Crimes and Crimes of Genocide of the Federal Republic of Yugoslavia [FRY], Dr. Milan Bulajic, whom the public remembers as a robust historian with strong ideas who does not shrink from political involvement, is significantly more well-measured today.

"Well, they did even not invite me to the talks at the Ministry of Foreign Affairs (on the federal level—editor's note), even though I certainly should have been there," he mentioned with resignation during his interview with BORBA.

He explains that right now everyone is trying to prove their own truth.

[Bulajic] The Serbs are trying to prove that they have suffered most of all, the Croats are doing the same thing, and it must be acknowledged that they are much more organized and successful in this than the Serbs are. It must be concluded that today the Serbs, instead of the accusers, have become the accused, and one could even say the condemned, because if the FRY (Serbia and Montenegro) is condemned by the Security Council as the aggressor and main culprit—which is why the sanctions were imposed—then things are clear. For this reason, our documents must be corroborated by facts. A crime is a crime, regardless of who committed it, whether it is perpetrated against Serbs or whether it was Serbs who did it. Only this sort of proof from us can give us credibility before the United Nations and world public opinion. Because of this, we will need the help of the Federal Public Prosecutor's Office, the Ministry of Foreign Affairs, and other institutions. I am rather concerned about the way in which this is being done today.

[Solesa] You are the secretary of the State Commission, and thus part of the government. What do they say about this situation? How is Prime Minister Milan Panic reacting?

[Bulajic] We have gotten into an illogical situation where there is discussion going on about a Law on Amnesty even though we have not decided to which crimes the amnesty will apply. That is a very serious problem. Second, this State Commission has not been provided with even the minimal resources to do its job. The Federal Assembly would be obliged to provide the money, but thus far it has not done so. Their answer to us has been that all our expenses are justified, but that they do not even have the resources to pay for their own expenses. Because of this certain important forms have not been duplicated, brochures have not been printed, and there are absolutely no collections of papers and books that might address what has happened here. It has not even been possible to publish the discussion from a scientific conference on war crimes at the Serbian Academy of Art and Science, and that material was prepared and submitted to the president of the republic, the prime minister, and the minister of foreign affairs before the London Conference, but once again nothing. In our view, that evidence should have been an additional argument at that conference. Prime Minister Panic said at one point, when Franjo Tudjman presented their evidence, that \$17 million was invested in only one Croatian crime investigation project, while I am bringing pads of paper from home to write on, to do the work that I am doing.

When you ask me about the position of the federal government, I must remind you that at his last appearance the prime minister, Mr. Milan Panic, when asked whether any measures were being taken in our country to determine responsibility for the war waged in Bosnia-Herzegovina and Croatia, answered, "No." When they mentioned to him the State Commission, whose work is concerned with that, and asked him whether that commission had done anything thus far, he answered, "I don't know."

[Solesa] The people from Helsinki Watch were rather clear. They presented concrete charges very quickly, providing some names of people whose responsibility for the war should be investigated. They mentioned Serbian President Slobodan Milosevic, Vojislav Seselj, Zeljko Raznjatovic-Arkan, Gen. Blagoje Adzic, Gen. Zivota Panic, Gen. Ratko Mladic, and several others. What is your position on their actions and on these people?

[Bulajic] It is obvious that there exists here a scenario of punishing and breaking up Yugoslavia. I know that many people do not agree with that, but I think it is true.

Only Serbs are mentioned; there is not a single Croatian name. No one can be accused by name if evidence is not provided. For example, in the Helsinki Watch report, which I have read thoroughly, and it is a big book, there is not a shred of evidence about the responsibility of

President Slobodan Milosevic, nor Radovan Karadzic. I am thinking of personal responsibility.

They have drawn certain reports about connections between Seselj and Arkan on the one hand and paramilitary formations on the other, mentioning Zaklopaca....

[Solesa] In closing, even though you are a historian, I would like to ask you a futuristic question. Are we closer to a Bleiburg ending, with retaliatory executions of thousands of "Ustashi" and "Chetniks," or to the building of "golden bridges," as the late Dr. Jovan Raskovic, one of the originators of the new Serb rebellion in Croatia, called the new agreement between Serbs and Croats?

[Bulajic] That depends on politics, but the only course that I see is to determine the truth. For this nation to once and for all learn what all this is about, how we got here, and what we have done. We still have not completely cleared up what happened in World War II, why there was so much suffering. Today, people do not understand why and how this war started and who is to blame. This must be explained to the people, and not from the viewpoint of any nationality or any political orientation, but rather objectively. Someone will have to describe to the Serbian and Croatian and Slovene people why Yugoslavia had to be destroyed if in the former Yugoslavia you had a greater Serbia and a greater Croatia and all Muslims together, a guaranteed national identity for Slovenia and a national identity for Macedonia. As long as we maintain and spread the theory that we are a divine nation, that the Croats are genocidal, and that the Muslims are scoundrels, there will be no solution here, neither for our side nor for theirs. I do not regard Serbs as a divine nation, just as Croats are not congenitally genocidal.

Poll on Attitudes Toward Ethnic Minorities

93BA0102C Belgrade BORBA in Serbo-Croatian
14 Oct 92 p 7

[Report on BORBA survey: "Attitude Toward Ethnic Minorities and Serbs Outside Serbia: Abatement of Ethnic Emotions"]

[Text] Compared to the results of the same survey a year ago, there is now a much smaller number (14.4 percent) of people in Serbia who regard force as the best way to solve the problem of ethnic minorities, while the percentage of supporters of dialogue has increased significantly (61.3 percent); more than half (51 percent) of those surveyed believe that Serbs outside Serbia should be "politically supported and materially aided within the limits of what is possible," while no more than 2.6 percent think that they should be provided "assistance in the form of arms and personnel."

The respondents' answers to questions on attitudes toward Serbs outside Serbia and toward ethnic minorities in Serbia are interesting. Judging from the positions of the political public on these problems, it is justifiable

to wonder whether Serbia has made it through its bout of ethnic fever and whether an abatement of ethnic emotions and a gradual calming of passions and a more sober approach are not in sight.

When asked "What would be the best solution to the problem of ethnic minorities in Serbia?" 61.3 percent of Serbian citizens said that "dialogue must be initiated and a solution concerning coexistence must be found through mutual concessions." It is the view of 14.4 percent that "force should be applied energetically to any attempt by minorities to effect any sort of change in the current situation," while 7.1 percent said that they should be given the right to self-determination, 1.8 percent said that the problem should be turned over to international arbitration, and 15.4 percent had no opinion.

The above conclusion is signaled by a comparison of these indicators with the results of our survey exactly one year ago. At that time, only 12.5 percent of respondents were in favor of dialogue with Albanian representatives in Kosovo, 25.1 percent felt that the current policy (the policy at that time) toward Kosovo should be continued, and as many as 35.2 percent saw a solution in an "even harsher use of force." It is obvious that now there is a much smaller number of people who regard force as the best means for resolving this sensitive problem, while at the same time the percentage of those who advocate dialogue has increased considerably.

Particularly significant is the fact that in all parties except for the Serbian Radical Party, those who favor dialogue prevail over advocates of the use of force. Among followers of the Democratic Party, 70.8 percent are for dialogue and 11.1 percent are for the use of force, while in DEPOS [Democratic Movement of Serbia] 78.6 percent support dialogue with 9.2 percent in favor of violent means; even in the SPS [Socialist Party of Serbia] a majority—65.8 percent—is for dialogue, with 18 percent favoring the use of force. Among followers of the Serbian Radical Party, 43 percent said they supported the energetic use of force, while 37.8 percent are for dialogue.

Added to this is the fact that 62 percent of the respondents agreed with the statement that "those who are pressuring Croats and the other non-Serb population in Hrtkovci and other locations in Serbia to move away should be tried and convicted."

When asked "What attitude should Serbia-Yugoslavia have toward Serbs outside Serbia?" more than one-half (51 percent) of the respondents answered that they should be "politically supported and materially aided within the limits of what is possible," while 2.6 percent think that they should be provided "assistance in the form of arms and personnel," 16.7 percent believe that political efforts should be made to annex their territory to Serbia, 2.6 percent think that there should be "military intervention and the annexation of their territory to

Serbia," 8.6 percent are in favor of "no intervention in any form," and 17.8 percent have no opinion on this issue.

In this case as well, a significant pacification of our public can be observed. In November 1990, 24.3 percent of the citizens of Serbia believed that Serbia is everywhere that there are Serbs, and that it is necessary to fight for this principle, with arms if necessary, while in November of last year this idea was supported by as much as one-third—32.4 percent—of our republic's electorate. A comparison of these results shows that in this case as well the number of supporters of solutions that would be achieved through the use of force has decreased considerably.

Role of Albanian, Muslim Parties in Macedonia

Danger of Fundamentalism

93BA0015A Skopje NOVA MAKEDONIJA
in Macedonian 18 Sep 92 p 4

[Article by Lj. Profiloski: "Party Interests Encourage Religious Hatred"]

[Text] *There are indications that the existing interethnic mistrust within the Republic is gradually developing into interfaith mistrust and is leading to a growing unification of the Muslim group.*

Already last November, when the Party for Democratic Action in Macedonia was registered, there were indications that the appearance of what was described as a purely Muslim party, headquartered in Bosnia-Herzegovina [B-H]—that is, in another country—would lead to the start of a new political process in the Republic, which would gradually replace the existing interethnic mistrust with interfaith mistrust. Consequently, one could expect a rallying of Muslim collectives that, while promoting its religious faith, would create antagonism and confrontation with the other religious faith, Christianity, and, at a given point and depending on the requirements of political parties, would grow into interfaith hatred.

Today such views are becoming relevant, and we are familiar with support for the increased involvement of that party in the Macedonian political arena and with its ever growing promotional efforts and attempts at rallying a greater number of members on the basis of their religious faith. As we know, that party was established by Muslims who had come to Macedonia with the intention of moving to Turkey in the 1950's and the 1960's. However, after resettlement was banned, they stayed here. They are mainly migrants from Sandzak and B-H, for whom Macedonia was to become no more than a way station but that, because of the circumstances, became their native country. Feeling restricted in their activities among the Macedonian ethnic group, they became active among the Macedonian Muslims, as well, actively trying to recruit them into the SDA [Party for Democratic Action] on a most sensitive basis—religious faith. By

rallying them within Islam, they have also tried to promote their denationalization and alienation from the Macedonian people and their assimilation with a separate ethnic group—the Muslims—as for example in B-H.

Preparations for Election

It is being said that that party is making extensive preparations for the forthcoming parliamentary election in Macedonia and that, in the struggle for power or for the organization of the new authorities, based on the electoral results, it would form a coalition with the Albanian PDP [Party for Democratic Prosperity] and NDP [National Democratic Party]. The main battle for votes would be based on religious grounds and on the concentration of voters of the Islamic and Christian faiths.

There are those who judge the aggressiveness of the SDA by its recent extremely arrogant communications to the public, in which, for example, it stated that "it does not intend for Macedonia to become a Christian state in which the supporters of Muslim cultural-historical origin would lose their national and religious autonomy in this state." To begin with, the question is how it is possible for a party whose main seat and center are in a foreign country to have or not have the intention of determining the political or religious order in Macedonia. Second, we know who enjoys national autonomy in this country.

Also typical is the written address of that party to the president of the Republic and to the chairman of the Macedonian Assembly, requesting their acknowledgment that there exists in Macedonia a Muslim ethnicity, a nation. This triggered an immediate reaction by the Presidency of the Republic Association for Cultural and Scientific Activities of Macedonian Muslims, which stated that "such an address to the Macedonian leadership is arrogant and impermissible and that its purpose is to separate Islamized Macedonians from their Macedonian nation and assimilate them within a separate nation—that of Muslims." According to the Presidency, the intention of the expansionist element of Izetbegovic's Party in Macedonia is precisely that of assimilating Muslim Macedonians and creating a new nation—a nation of Muslims within that state—and establishing a Muslim zone in Macedonia to link to the Islamic corridor from Thrace via Kosovo and Sandzak to B-H.

A Civilian Party!

According to information from the Presidency of the RZKNM [Republic Association for Cultural and Scientific Activities] of Macedonian Muslims, the SDA activists are telling Macedonians of Muslim faith that they will demand that the Macedonian Constitution consider them a separate nation—that of Muslims—and that in hospitals, the Armed Forces, and other public areas,

separate food be prepared for them. The SDA has organized branches in some villages in Dolna Reka, and in villages in the Struga area inhabited by Muslim Macedonians. The propaganda materials of that party are calling for a sovereign Macedonia but with different symbols, painted green and with a crescent in the center. Those symbols are found on the calling cards of the activists and on leaflets being distributed in the Republic that carry the words "We swear that we shall never be slaves" written in Serbo-Croatian.

Sadrija Hasanovic, who is the SDA president for Macedonia and secretary of the religious school in Skopje, answers such accusations by saying that his party is a purely civil party and not a religious or an ethnic one, and that its main purpose is for Macedonia to become a sovereign and independent state. He says that the SDA is indeed headquartered in Sarajevo but that the SDA in Macedonia was founded in Skopje and that its members and sympathizers are Macedonian citizens. Our party supports all democratic processes in Macedonia, Hasanovic says, and we were among the first to support the new government consisting of multiple parties and ethnic groups. We respect the Macedonian Constitution and Macedonian laws and do not have the intention of spreading Islam in the Republic or making any particular efforts to do so. Any citizen may be a member of our party, regardless of ethnic or religious beliefs, and we are active in establishing branches throughout the Republic. So far, our members or sympathizers have not caused any interfaith conflict, and the accusations leveled at us have come mainly from those who, for the past 20 years, have been active in the Macedonian political arena but have done nothing to promote the religious or national emancipation of Muslims. Their accusations are groundless and adversely affect the stability in the Republic. Neither I nor the party could act as switchman and change the national determination of the people, despite the charge of trying to denationalize the Macedonian Muslims. The individual citizen must determine for himself the type of ethnic group to which he feels he belongs.

Such were the views of the chairman of the Macedonian SDA and the answers to the questions we believe are about to be asked. The efforts made by the SDA or any other party to manipulate the religious feelings of the citizens and the use and abuse of such feelings for the sake of attaining political objectives would be catastrophic for Macedonia. Promoting religious hatred is an "easy task" and could spread like a contagious disease. Building interfaith and interethnic trust is a difficult process that requires reason and patience, something that should be known by the leadership of the SDA and the other parties that try to abuse the most sensitive feelings of a high percentage of citizens. The threat of Islamic fundamentalism, now considered only theoretical, could become substantive if not realized in time.

Conflicting Identities

93BA0015B Skopje NOVA MAKEDONIJA
in Macedonian 24 Sep 92 p 4

[Article by Lj. Profiloski: "Macedonians, Muslim or Albanian!"]

[Text] *The state has forgotten us. We are Macedonians, but the Macedonians do not accept us, says Adem Tafioski, the school principal in Labunista. The concept of Macedonian Muslims is an artificial one. We are Muslims and are part of Macedonia but not of the Macedonian people, claims Akhmet Bekiroski, deputy chairman of the PDA [Party for Democratic Action] in Macedonia.*

Of late, the PDA was able to sink deep and strong roots into areas inhabited by Macedonian Muslims in Macedonia. The party has come out with a new platform for that population and a new ethnogenesis of their way of life, claiming that they are not Macedonian Muslims but only Muslims who speak the Macedonian language. According to most of the local information, never in their history have the Macedonian Muslims been exposed to such strong pressure on the part of a variety of political and other interests as they are today.

New Party Realignment

The initial attempts to establish a new national status of Macedonian Muslims were made in the village of Labunista, in the Struga area, which is one of the largest villages in the Republic settled by Muslims, and an area in which the strongest efforts for assimilation had been made also by the Albanian PDP [Party for Democratic Prosperity] and NDP [National Democratic Party]. For example, all four seats held by representatives from Labunista in the Struga Assembly belong to members of the PDP, which indicates the great influence enjoyed by that party in that village of over 6,000. Of late, however, PDP influence has been declining, and a new party realignment is taking place among the population.

"The people have seen that they were wrong to follow the PDP, to become its members or to vote for its candidates," says Adem Tafioski, principal of the Central Primary School in Labunista and an SDSM [Social Democratic Alliance of Macedonia] activist. The people realized that the PDP is leading us in the wrong direction and that it would like to use our religious beliefs to promote its political interests. There is currently a mass decline in PDP membership by Macedonian Muslims, and it is precisely in this vacuum that the PDA appeared and is spreading among our population. With its well-planned propaganda, which emphasizes religion, and its misuse of religious feelings, within a short time it has almost become the leading party in Labunista and other areas inhabited by Macedonian Muslims. If this were to continue at the same pace, that party would recruit the entire population. At the same time, however, this will also lead to national assimilation.

In Labunista we tried also to talk to Amdija Saloski, the chairman of the PDP branch. However, the latter did not wish to have anything to do with journalists; he claimed to have had a bad experience with them.

Labunista resident Ahmet Bekiroski, the deputy chairman of the SDA of Macedonia and one of the main promoters of that party among Macedonian Muslims, had somewhat different ideas.

"The term 'Macedonian Muslims' was invented by the communist regime," he said. "We are simply Muslims speaking Macedonian, and we shall soon ask that this fact be entered into the Constitution. Our national awareness is Muslim, the same as that of the Muslims in B-H, which is considered a nation. Here in Macedonia we have been described as Macedonian Muslims on the basis of various quasi-scientific actions and associations. There can be no duality in the ethnic origin of a nation, and let us be Macedonians and Muslims."

"Religion was the pillar of the establishment of nations," added Amdija Bekiroski, deputy chairman of the SDA branch in Labunista. "The Macedonian Orthodox Church safeguarded Macedonian national identity, whereas we Muslims did not have our Muslim faith defended. We favor a sovereign and independent Macedonia. We do not demand autonomy or secession. We do not reject the Macedonian language, which is our native tongue, but would like to experience our own Muslim national awareness among this population. We are rooted in reality, and, in the course of history, we have felt and identified ourselves as Muslims. We are different from the Macedonians, the Albanians, and the Turks."

Abandoned by the State

According to Akhmet Bekiroski, in Labunista alone the party has 826 registered card-carrying party members. The party's popularity among the population is increasing, and entire families are joining, he said. It is true that today the Muslims or, specifically, the Macedonian Muslims, as we are being called officially, a term our party does not recognize, are exposed to the strongest possible pressure. However, to relieve it, the state should realize that this area is inhabited by Muslims, in the ethnic sense of the word, and allow free expression of our national awareness. We are part of the Macedonian State but not of the Macedonian people, and we do not want people to be pressured into proclaiming their national affiliation. For 45 years we had no other choice but to call ourselves Macedonian Muslims. The new political circumstances lead us to believe that that can be stopped and that everyone will define himself according to his own feelings.

According to Adem Tafioski, the reason for the great spread of the PDA among the Macedonian Muslims and the party's successes in promoting their assimilation is the poor attitude displayed by the state toward them. Macedonia abandoned us at the very beginning of its statehood, he said. Walls were erected around us. In the past 50 years, not a single one of us was given important functions in either the opstina or in the Republic. We

are Macedonians, but we are not accepted by the Macedonians. That is why we have followed those who have been interested in us. During the electoral campaign, this applied to the PDP, and now it applies to the PDA. Tomorrow someone else may come along. This situation will remain for as long as the state remains indifferent to us, and, by then, someone could assimilate us completely.

Details on Reorganization of Army Education

93BA0102D Belgrade BORBA in Serbo-Croatian
14 Oct 92 p 11

[Interview with Col. Dr. Momcilo Lazovic, president of the Yugoslav Armed Forces University, by Borislav Solesa; place and date not given: "Yugo-Concept of Officers and Gentlemen"]

[Text] *Only those cadre who cannot be gotten from civilian universities will be educated; the current problem is that there are significantly more Slovene, Croat, Hungarian, Macedonian, and Albanian officers than there are soldiers of those nationalities; once the funding is available, uniforms will be adapted to the tastes of young people.*

How "armed students" will study and what this holds in store for the president's office in Banjica—this was the main topic of our conversation with Prof. Dr. Momcilo Lazovic, a colonel and the first president of the Yugoslav Armed Forces University (UVJ), an institution of higher learning that is eliciting public interest.

[Solesa] What is the concept behind the newly established UVJ, and what sort of cooperation will it have with other universities?

[Lazovic] The concept of the UVJ is based on many years of study conducted by the Institute for Strategic Studies and the Center for Advanced Military Schools, in conjunction with the General Staff of the Yugoslav Armed Forces. Thus, independent of the war and the experience that we have, and independent of the fact that this war accelerated the transformation of military education, certain important things were nevertheless done peacefully and studiously. Naturally, we carried out this project with all the experience that we have acquired in this war, both in terms of the training of the military-specialist cadre derived from combat operations and with regard to the reduction in the size of the armed forces in proportion to the decreased size of the state.

Through this transformation, we want to create a rational system of military education. A further purport of this rationalization is to integrate ourselves as much as possible into the education system in the FR [Federal Republic of] Yugoslavia, especially the University of Belgrade. The project is such that only those cadre whom we cannot get from universities in society will be educated. We intend to enter into a significantly greater degree of integration than has been the case thus far. This relates especially to social sciences, as well as to

natural mathematics and technical disciplines. As far as the military content is concerned, we will try to raise this to a higher level than has been the case in the past. The result of the overall concept is that we are creating a professional officers cadre that can successfully perform its duties in peacetime, and lead units in combat operations during wartime.

[Solesa] Do you have any models elsewhere in the world? In connection with this, is it possible to expect a redesigning of the armed forces and university in a manner that the young people who will serve in it would like?

[Lazovic] As far as teaching is concerned, that really has to be at the university level, where the cadet or military student, regardless of which name we decide on, studies seriously. The professor-student relationship will be based on the most modern achievements of university instruction in the world. We will give the students many more obligations than has been the case up to now. Around one-third of the program will comprise direct training for military duties, which will follow after completion of the academy.

As far as foreign universities are concerned, especially those that educate cadre for the armed forces, we are familiar with the experience of Germany, the United States, France, and other countries. We will consider all of this, but we also have some things of our own. We will raise the purely military part to a higher level than the others have. That is our plan.

[Solesa] Some military academies, or actually specializations, were located in other republics and are now definitively outside the borders of the FRY [Federal Republic of Yugoslavia]. We are talking here about pilots and naval officers, which attracted young people. What will happen with these two specializations, and have the students who were studying there before the war continued their education?

[Lazovic] At the UVJ we have created two faculties and the General Military Academy, which has the specializations of Ground Forces (KoV), Air Force and Air Defense (RV and PVO), and Navy (RM). The Military-Technical Academy also trains cadre in these three branches of the armed forces—KoV, RV, and PVO. We will try to preserve and develop what was done positively at those academies. As far as the cadets at the academies that you mentioned are concerned, the air force and naval academies, they will continue their education according to plan. A lot of that from Rajlovac, Split, and Zagreb was preserved, things necessary for their instruction. We are now in the process of definitively arranging both the academies, or rather the specializations, and the instructional materials. As far as instructors are concerned, they are the people who belong to the FRY, and we have reinforced them with people from other structures that have an affinity with the giving of instruction. A few professors of other nationalities remained in the seceded republics. We do not miss them. Those who wanted to had the opportunity to come and continue their work.

[Solesa] The contingent of soldiers is also smaller. Now they are primarily Serbs and Montenegrins. It is known

that Albanians are not signing up for the armed forces. What is the situation with other ethnic minorities at the UVJ?

[Lazovic] As far as selection and quality are concerned, we expect this to improve significantly. Those two nations, the Serbs and the Montenegrins, were the ones who signed up in the largest numbers before as well. And they are very high-quality cadre. Because of the applied ethnic quota, we could not admit many of them even though they were deserving. Now that situation will be rectified. It should be said here that no one will be denied equal rights and that the only deciding factor will be someone's abilities. I give special emphasis to that because there are some malevolent voices saying that ethnic minorities will be discriminated against, which is not true. We had problems in the former armed forces, the JNA [Yugoslav People's Army], when the state was breaking up precisely because of the ethnic turmoil and ultimately the treason that to a large extent occurred along the lines of ethnic divisions. I have not held it against any Slovene or Croat officer because he could not fight against Slovenes or Croats. I understood that, but those who would pretend to be on our side and take their unit into battle, and then abandon it—such people I would treat quite differently.

Let me say once again that ethnic minorities will not be treated any differently from all other citizens of Yugoslavia. The only problem that we have with this right now is that the ethnic structure of officers and soldiers is not balanced. There are significantly more Slovene, Croat, Hungarian, Macedonian, and Albanian officers than there are soldiers of those nationalities. We hope that this situation will be corrected in the future; all armed forces in the world do this, and so will we.

The criteria for appointment to the academies will be stiffened for everyone, so that those who enroll can handle the curriculum and prepare to engage in armed combat.

[Solesa] Does that mean that you have a larger number of candidates?

[Lazovic] This year we did not accept candidates from the citizenry. We filled the first class with candidates from the Military Gymnasium and to a somewhat lesser extent with candidates who had completed military secondary schools. Preparations are already being made at the Ministry of Defense for the coming school year, for organizing enrollment.

[Solesa] Ideological orientation was a significant element of instruction at the old academies. How will that be now?

[Lazovic] We have purged existing plans and programs of all political connotations. We will keep only social subjects as sciences for which there is a need. There will be no room for ideological subjects, analogous to the role of the armed forces in the FRY. We will train exclusively nonpartisan officers who will be educated patriotically,

in the traditions of our nations. It is clear to all of us in the armed forces education system what sort of cadre we need. It is a professional officer who will have understanding for all partisan discussion, but who will not be guided in his job by political ideas.

Finally, although this is not unimportant, once the funding is available the uniforms will be adapted to the tastes of the young generation.

Proposal To Rebalance Budget Adopted

93BA0102B Belgrade BORBA in Serbo-Croatian
14 Oct 92 p 6

[Article by E.B.I.: "Session of National Assembly of Serbia: With Tiny Balance to Major Rebalancing"]

[Excerpt] *Adoption of the government proposal for rebalancing the budget, which will make 417.25 billion dinars available to the republican coffers, while the largest share will be spent to finance social services.*

Belgrade—The government's proposal to rebalance the budget that was adopted yesterday by the Serbian Assembly will make 417.25 billion available to the republican coffers, meaning nearly three times more than the original 150 billion. Judging from what Deputy Prime Minister Jovan Zebic said, this increase will be provided by extending the budget year to mid-January, by redistributing tax assessments, and by new taxes, stricter financial discipline, and regulation of the level of wages outside of the commercial business sector being financed from the budget.

Zebic explains that the budget deficit came about under conditions where 40 percent of the federal excise tax, customs duty, and import duty was shifted from the republican to the state treasury. The shortage of money in funds for disability pension insurance will be partially compensated for through the higher revenues over expenditures of the National Bank of Serbia, revenues from differences in exchange rates, and through prolonging financing until the first half of January. However, health insurance will have to be paid for through an increase in premiums (for which the government specified 2 percent in Bozovic's proposal to the Assembly, but which Zebic explained as 4 percent—two for the workers and the remainder at the employers' expense). Aside from this, there are plans for rationalization, the commercialization of health-care institutions, and the reintroduction of participation.

The greatest share of the budget's "additional funds" will be spent to finance social services—around 110 billion—while 22 billion is earmarked for stimulation of development, with 4.5 billion going to stimulate agriculture. For refugees, houses of correction, and prisons, 14 billion dinars are planned. [passage omitted]

Serbian Budget Depleted by Black Market

93BA0071C Belgrade POLITIKA in Serbo-Croatian
6 Oct 92 p 10

[Article by R. Rankovic: "Smuggling Is Emptying the Budget"]

[Text] The fact in least dispute at this moment is that the Serbian budget has lost its value and will have to be increased by at least 2.2-fold (from 152.4 billion to 339.5 billion dinars). Members of the Committee for Finance of the Serbian Assembly, who yesterday held a merely advisory meeting (they did not have a quorum), have put an essential question—where to find the money to "patch up" the budget.

Under these conditions, after all, one can hardly expect the funds to come in from the turnover tax, the tax on wages and salaries, and the corporate profit tax, which otherwise replenish the budget, the members of the committee concluded.

The turnover tax (which has a share of 59 percent in the budget) is at the moment completely "open," that is, no one knows how much money will be obtained from this tax. Cigarettes, coffee, beverages, and petroleum are now being smuggled, an operation in which the government cannot get its share. As the government representative noted, a very broad public effort is needed to guarantee funds from the turnover tax (an inspectorate, the police, and all agencies that go after smugglers).

Perhaps the most illustrative example is that of Macedonian tobacco factories, which, we have heard, are now operating only to fulfill the quota for smugglers who with hard currency have purchased in advance the output of Lords and Partners (the Serbian turnover tax represents 76 percent of the price of these cigarettes). Private tank trucks of petroleum are being driven right into the fields, so that once again the state treasury is skirted.

Nor under these conditions is it possible to expect very much of a "contribution" to filling the state treasury from the payroll tax (because more and more employees are receiving the guaranteed income, which is not taxable), nor from the corporate income tax.

On the basis of what we heard yesterday, the salaries of those employed in the government administration and social services have become the main expenditure from the budget. About 220,000 employees in those sectors are paid from the budget. And then there are funds for social welfare, athletics, culture, and science, so that Serbia will soon not have funds for intervention in the economy, it was stated.

Creation of the federal state and its budget has also reduced the inflow into the Serbian budget, because, for example, 40 percent of the turnover tax from Serbia goes into the federal treasury. However, this also automatically relieved the Serbian budget of paying certain obligations.

We should also count on yet another "adjustment" of the budget before the end of the year. For example, wages and salaries of those employed in the government administration and social services will alone require another 180 billion dinars or so by the end of the year, and those funds do not exist.

Among other things, opinions were expressed in the meeting of this committee to the effect that there is friction in relations between Serbia and Montenegro (Vlajko Jovic, chairman of the committee). The question was asked how is it that in Montenegro the gasoline quota for individuals had been increased to 30 liters a month, while in Serbia it had been reduced? The distribution of funds for drugs (1:4 to the advantage of Serbia) is not in proportion to population size, it was stated.

The conclusion is that funds are being siphoned from Serbia into Montenegro in this way, and that there is a danger that the smaller Yugoslav republic will become what Slovenia was at one time.

In the meeting of the Agriculture Committee of the Serbian Assembly, the datum was presented that about 400 billion dinars are needed to purchase the fall harvest and that 210 billion dinars for farmers will be furnished from primary note issue. The reason given for peasants not having been paid for the products they delivered a month ago is the lack of money. In addition, it was stated, there was also a shortage of petroleum products to finish the harvest and also for fall planting.

Milan Prostran of the Federal Agriculture Ministry announced that the governors of the National Bank of Yugoslavia will soon adopt a decision on the level of lendings from primary note issue for agriculture. From what he said, the criteria for use of those funds will be very strict, and commercial banks which use that money for other than the stated purpose can count on high penalties—interest rates based on retail prices to which the legally prescribed penalty interests are added.

A representative of the federal government said that the federal government will soon adopt adjustments to support prices for wheat, livestock, milk, and sugar beets, and Jugopetrol has received a permit to release from federal reserves 4,000 metric tons of petroleum for farmers (which again will not come close to meeting the need).

Production in Trepca Enterprise Almost Stopped

93BA0071A Belgrade POLITIKA in Serbo-Croatian
6 Oct 92 p 15

[Article by M. Laketic: "Production Almost Shut Down at Trepca"]

[Text] Kosovska Mitrovica, 5 Oct—In most of Trepca's production units, the beginning of autumn extended the summer agony and shortage of production supplies and spare parts that has been troubling Trepca since the beginning of the year. For that reason, production has

almost come to a stop in the Storage Battery Industry, Zinc Metallurgy, Lead Refinery, and Chemical Industry.

Although it was anticipated that in the middle of last month the refinery kettles at Zvecan, which have been idle now for the second month, would be supplying refined lead, because of the poor quality of the coal from Obilic and the shortage of reagents, production is still down.

The Reagents Cool the Kettles

As far as we were able to learn from Rade Kalicanin, assistant superintendent of the Lead Refinery, the refinery and smeltery have on inventory over 6,000 metric tons of lead ore, sizable quantities of intermediate products, and dusts in which considerable quantities of lead are imprisoned. Because of the shortage of heating oil, the startup of the "precious metal" and "recovery" furnaces, which, we were told by Kalicanin, have long been idle, has been postponed.

In the Storage Battery Industry, insertion of the keys in the lock is being postponed by repairs of damaged storage batteries, which amount to about 200 tons in inventory. Because of the shortage of production supplies, this work force has been compelled to employ only 66 of its 656 employees. The remainder are on paid vacation, and some are on military exercises and sick leave. Of the 66 who are being given work, 21 are working on maintenance. The same number has been retained in the administration, four are working in the foundry, while the others are working in auxiliary facilities. The idling of production has been used to repair production lines.

Although there were plans for the chemical industry to begin production of NPK fertilizers for the fall planting, Trepca's chemical workers have been forced to postpone commencement of production because of the lack of ammonia, aluminum sulfate, and phosphoric acid. But thanks to good production at the beginning of the year, 6,000 tons of NPK fertilizers in all combinations were not sold and are right now being delivered to the farmers of Kosmet, southern Serbia, and Montenegro. Because of the high demand, the preparation and packaging plant is right now becoming more and more of a bottleneck.

Although fertilizer production could not begin, still it did not stop altogether, because the plant for the production of aluminum sulfate is operating.

Only Zinc Oxide Instead of Zinc

The Zinc Metallurgy Plant halted production on 23 July because of the lack of zinc concentrate. Aside from the raw material, the UN Security Council sanctions interrupted Trepca's supply of production materials, which were usually purchased in Italy. But, we were told by Branislav Kokeric, that plant's director, graphite electrodes acquired previously were inexplicably held up in the customhouse in Maribor. So, Engineer Kokeric relates, they decided to check the quality of the domestic graphite electrodes that had recently appeared on the market, which are produced by Elektro-Trejd in Kraljevo. These electrodes made it possible in the middle of last month to begin to heat installations for the production of zinc oxide. If the domestic electrodes prove to be good, this will be a manifold saving, Kokeric believes. After all, aside from the lower price, there will be no interruption in production, and they will obtain financial resources more quickly, because, according to Mr. Kokeric, zinc oxide is very expensive and in demand on the market.

It Is Hard To Stop Theft

Judging by the information flowing daily into the Trepca Department for Defense and Protection, there is no doubt that this combine's property has been seriously attacked from within. After all, most of the thefts discovered were committed by Trepca employees, or they served as middlemen in the robbery. According to the figures of that department, during the first five months of this year all kinds of things have been stolen at Trepca—from nails to truck axles and bars of lead.

Ljubomir Rakicevic, a guard, prevented two Macedonian drivers, whose trailer trucks were loaded with goods for the firm they were working for, from carrying out, in one case one and in the other case two, bars of lead more than entered on the bill of lading, and Radonja Ilic prevented Nebojsa Miletic, Trepcatrans employee, at the last moment from carrying away lead bars out of the factory grounds. Aside from taking everything they can lay their hands on, Trepca's workers in the electrical maintenance department of the Stari Trg Mine, when they made a detailed inspection of the main telephone cable passing through the settlement Stari Trg, found the reason for the frequent breakdown in communications between Mitrovica and Stari Trg—theft of power. That is, individuals have illegally connected to the Trepca telephone line. So far, we were told, 18 illegal telephone connections have been discovered, but it is believed that there are also others who have been telephoning at the expense of the Trepca Mine.

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30 Nov 1992